

NEWS SUMMARY

leave backs
ster security

Conservatives' fierce yet on the Government's measures in Ulster, Mr. Neave, the Opposition's chief spokesman, brought security aspects of the bill into the province's severe strain. Neave's criticisms follow the killing of three men near the South Armagh. He promised a vigorous campaign for "positive" to clean up this area of mess where the IRA roam ever, leading Conservatives not to believe that the bill's two-party agreement is a constitutional problem. At this point, writes John P. Back Page

die as U.S. ships collide

men were killed and 48 when the U.S. aircraft carrier John F. Kennedy collided with the U.S. guided missile cruiser Belknap during flight operations in the Sea near Sicily.

rebuke

Broadcasting independent criticised Granada World in Action programme. The programme, which was a tribute to Sri Lanka, was criticised for its failure to show the full picture of the situation. The rebuke follows a letter from the Co-operative Society.

inside alert

Anglian Water Authority has issued a pollution alert after reports of fish were found dead in the River Nene between Rushden and Northampton. A cow had died after drinking from the river.

nks blacklisted

D. Connell of Churches in Nairobi, directed its efforts to ensure that its funds were deposited with banks, including the Standard Bank, known to have loans to South Africa.

inster 'found'

S. expedition to Loch Ness produced photographs of "an creature with rough skin, a neck and a hideous, revolting" according to a British newspaper. The findings will be used by an Edinburgh symposium on December 9.

by trains hit

Waterloo and City railway will not operate to-day until after 10.30. The closure is a result of a flood of water from a drain. The line, known as a "drain", is used by 37,000 commuters a day, mostly City of London workers.

school fees anger

Following Labour MPs, angry at the tax-free £23m, being voted yearly towards the public and prep school fees of the idiosyncratic and millionaire officers, intend to question the Commons.

riefly...

Wilson seems assured of a victory in a Commons division on the economy to-morrow. The Government's majority is 100. The opposition is 100. The Government's majority is 100. The opposition is 100.

ther Oswald Baker, dismissed

Roman Catholic parish priest Bishop Grant of Northampton, celebrated the 1570 Tridentine Mass in a congregation too large for the Downham Market, Norfolk, parish church.

unabashedly

resin worth more than £60,000 was found hidden in the of a caravan in a Mayfair park.

ethereal winner takes this

week's £30,000 Premium Bond prize, with No. 6PR 904914.

BUSINESS
November
grocery
prices
rise 2.5%

FOOD PRICES rose by the largest margin since June in November, largely as a result of the 1.1% increase on a pint of milk. The FT Grocery Prices Index rose 2.5% per cent., up 4.99 to 194.78, 24.5 per cent. above last November's level. Back Page and Page 10

MERIDEN Motor-Cycle Co-operative representatives have flown to Italy to discuss a link-up with Bonelli, which makes a range of machines from 125 cc. to 1,000 cc. The High Court heard of a compulsory winding-up petition on Norton Villiers Triumph will be told to-day if the Department of Industry and creditors have approved a plan to save the company. Page 4

ECONOMIC Development Committee's role under the Government's new industrial strategy will be a main topic at to-day's meeting of EDC chairmen with Mr. Denis Healey, Chancellor, and Mr. Eric Varley, Industry Secretary. Back Page

CONSUMER confidence over future financial improvement increased markedly in November according to a British Market Research Bureau poll. This should mean a revival in the market for consumer durables in the middle of 1976. Page 10

NATIONAL Coal Board expects to hold prices steady until March and hopes rises thereafter will be sufficiently modest to retain coal's competitive advantage over oil. Page 4

EXECUTIVE of the National Union of Teachers has told local authorities that members will refuse to provide cover for absent colleagues. If they cut teacher employment. Page 8

Saudi Arabian contract backed

MR. JAMES CALLAGHAN, Foreign Secretary, on the first day of his official visit to Saudi Arabia, backed British efforts to win the contract to design and build the planned \$300m King Faisal University. Back Page

NEW YORK State assembly rejected emergency legislation to save the city from imminent debt default. The deal, which calls for \$200m of new city taxes and a moratorium on its debts, is seen as the basic price the city must pay for Federal aid. Page 5

JAPANESE shipyards won 80 per cent. of all orders for bulk carriers in the last three months and made inroads into the dry cargo market by quoting prices up to 40 per cent. lower than European competitors. Page 4

ITALIAN GOVERNMENT says it has evolved a plan to save Innocent, British Leyland's loss-making subsidiary, although it has not yet released precise details. Page 5

SOVIET Union has run into serious difficulties in many areas in preparing grain seed for sowing next spring, according to a Soviet agricultural newspaper. Page 5

COMPANIES

NEW EXECUTIVE deputy chairman has been selected for the Rank Organisation and will probably take up his post in February. The individual, whose name has not yet been announced, is clearly intended to take over from Sir John Davis, the chairman, who will be 70 next year. Back Page

VOLKSWAGEN management expects final figures for the year to show a clear loss, but smaller than 1974's DM807m deficit. Page 25

LUCAS INDUSTRIES chairman expects strong growth in overseas businesses to continue as the rising trend in demand emerges. However, all efforts must be directed towards bringing a general improvement in U.K. profitability, he said. Page 24

FEATURES

Little Neddy growing 14

Rates, the Government's 23

Post Office in the com- 28

puter age 28

ON OTHER PAGES

all, Company News 25, 26

For latest Share Index phone 01-248 9026

Trawler skippers warn: send Navy aid or we leave

BY STEWART DALBY

British trawler skippers off the coast of Iceland have told the Government that unless they receive assurances of Royal Navy protection against harassment by Icelandic gunboats by noon to-day they will withdraw from Iceland's 200-mile fishing limit.

A Government spokesman said last night the matter was receiving "urgent consideration". The threat from the trawlermen came after the Hull trawler, the Rose Sirius, had one of its two trawls "warped" (or trawling wires) cut by an Icelandic vessel late Saturday night.

This was the sixth incident of warp or trawl cutting since the two-year interim fishing agreement between Britain and Iceland expired on November 13. This accord had allowed British vessels to fish between 12 and 50 miles around Iceland and catch on average 130,000 tonnes of fish a year, most of which was cod.

The 30 to 40 British trawlers which have been attempting to fish "at any one time" within the new 200-mile limit since the end of the agreement have been subjected to almost daily harassment by Iceland's fleet of six coastguard gunboats.

The Government has urged the trawlermen to show as much restraint as possible, and in order to try to keep the whole issue in a low key has so far refrained from sending Royal Navy vessels into Icelandic waters. But there have been signs that a tougher stance might be in the offing.

In a speech in Grimsby last Friday, Mr. Fred Peart, Minister of Agriculture and Fisheries, said: "Neither I nor my colleagues want this (the cod war) to escalate, nor does the fishing industry. But we cannot, and will not, allow our fishermen to go without protection. I want our skippers and crews to know this and knowing this to stand on the grounds and not to act hastily despite their difficult trials."

Talks between Britain and Iceland broke down when the

King Juan Carlos gives hints of liberalisation

BY ROGER MATTHEWS

GENERAL FRANCISCO Franco was buried here to-day and with him went the unquestioned dominance that the Civil War victors have exercised in Spain for the past 36 years. King Juan Carlos has yet to indicate clearly in which direction he wishes to lead the nation, but there were a few hints in his speech yesterday to suggest that it will be towards a certain degree of political liberalisation.

The end of the regime was well highlighted to-day by the tens of thousands of Civil War veterans who sang, wept and gave the fascist salute as General Franco's coffin was carried on the shoulders of members of his family to its final resting place in the Valley of the Fallen.

This civil war memorial, hewn out of solid rock 30 miles from Madrid, was largely constructed by Republican prisoners of war.

The funeral service, held two hours earlier in front of the Royal Palace in central Madrid, had been distinctly low-key with crowds much smaller than expected. During General Franco's lying-in-state an estimated 350,000 filed past the open coffin.

Already the ultra and conservative Right are attempting to transfer their allegiance to the new king. Several leading members of what is known here as the "bunker" yesterday described the King's speech as "brilliant".

According to optimistic sources close to the King, this meant that he intended to create in Spain the necessary political conditions for membership of the EEC, but that Europe should also understand the length and difficulties implied in such a task.

One of the first demands that the legal parties of the Left and Centre are making is that Juan Carlos immediately grant amnesties to all political prisoners. This has been particularly stressed by the Left-wing

dividend of 0.6p a share net, payable on December 16.

Mr. Samuel, advised by Hill Samuel, intended to accept the offer for their holding, totalling 7 per cent, and to recommend it to others. Harno shares now stand at 38p, nearly four times their 1975 low of 10p.

The two Boards consider that, after the acquisition, there will be opportunities for the expansion of Harno's sales of motor components through Tenneco's sales network in Europe and the U.S., while technological information will also be exchanged.

The Harno business is to continue under its present name and is substantially its present form, with Mr. Gordon Trout and Mr. David Brain remaining as managing directors.

Mr. Hartley, who will continue as chairman, will also join the Board of Tenneco Walker NV, Tenneco's Dutch subsidiary, while Mr. John Paget, president of Tenneco Walker NV, is to become a Harno non-executive director.

Harno, which announced on

Cowley workers angry at ultimatum

By Christian Tyler, Labour Staff

ANGRY PROTESTS and walk-outs by British Leyland car workers could occur to-day following a management warning that unless output targets are met two assembly lines at Cowley, Oxford, will be shut down.

Shop stewards at the Cowley North works, where Princess and Maxi cars are assembled, meet this morning as managers watch to see if the first shift looks set to meet the company's target of 284 cars per hour. Stewards warned yesterday that if this monitoring meant a clamp-down on individual sections of the work-force, there would almost certainly be demands for the exercise in the 1976-77 session.

Leyland faces this new threat to output only a few days after Lord Ryder, chairman of the National Enterprise Board, indicated that unless productivity improved, further Government money for the BL rescue could be in jeopardy.

Opening bid

Mr. Hattersley has subsequently let it be known that his 110,000-tonne offer was only an "opening bid" and that he was prepared to negotiate further on catch totals.

The Foreign Office has also revealed that Mr. Hattersley also agreed on not sizes being changed so that fewer young cod would be caught, and held out a promise that Britain would use its good offices to help Iceland in its talks with the European Community.

Mr. Ted Bishop of the Ministry of Agriculture also offered to facilitate talks between the British and Icelandic fishing industries about landing rights in the U.K.

The Government's view is that all this has shown, Britain to have been flexible and reasonable in its approach and that the

Continued on Back Page

Blame for the low output at Cowley—according to one estimate yesterday as low as 18-20 cars an hour—has been directed mainly at workers who rectify faults at the end of the production process. Inspectors and testers in this area are already banning most overtime in pursuit of a claim for craft status following a similar claim by engine tuners early this year.

But some stewards said yesterday there was also a shortage of parts from the body plant on the other side of the Oxford ring road. Low output there was holding up work on the two assembly lines in the North works, they claimed.

A British Leyland spokesman denied last night there were any shortages. He added that to-day's monitoring of output would be no different from normal, and the workers would be given time to "settle down."

Instead of laying all his emphasis on the vital unity of Spain, the King talked about recognition of different regional characteristics. He also stressed to rebuild relationships with the church by emphasising his own deep respect for its work.

Because the speech was couched in generalities liable to a variety of interpretations, it has shed little light on the appointments King Juan Carlos has to make in the next two weeks, principally those of Prime Minister and President of the Cortes.

But the pressure on the King will build up sharply unless he makes his intentions clear in the next couple of weeks. His accession to Head of State had already been rejected in advance by most parties on the Left and nothing he said yesterday will have convinced them that he is anything but a continuation of the old regime.

Editorial Comment, Page 14

Ross stresses devolution will go ahead

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN EDINBURGH

MR. WILLIAM ROSS, Secretary of State for Scotland, attempted at the week-end to allay Scottish Labour Party fears that the Government was retreating from its pledge to create a Scottish Assembly. After a meeting of the party's Scottish Regional Executive and MPs in Glasgow he said: "We are committed to devolution. There is no back-sliding."

He explained why the Government had decided not to press its devolution legislation through Parliament this session, but now aimed to complete the exercise in the 1976-77 session. The only reason for any delay, he said, was to get the right kind of division of functions between the Assembly and Westminster.

Deep concern

It is clear, however, that the Scottish Executive remains deeply concerned about the wisdom of the Government's tactics. In preparation for the publication on Thursday of the White Paper on Scottish and Welsh Devolution, the Executive had been hoping to win the support of Scottish MPs in pressing the Government for a firm deadline by which the first Assembly elections should be held.

In the event, the Executive failed to persuade the 28 of Labour's 41 Scottish MPs who attended the Glasgow meeting that such a commitment was needed before the White Paper. The Executive is still convinced that Assembly elections should be held by October 1977 to indicate the strength of the Government's determination to get its legislation through Parliament and to counteract the disappointment undoubtedly felt in Scotland at the delay.

Most of the MPs disagreed. Some apparently felt that the political situation in Scotland did not warrant such an urgent timetable; some felt that extra time was needed at Westminster to persuade English colleagues of the merits of the White Paper. Others still felt there was a chance that the White Paper itself might suggest a tentative timetable for setting up the Assembly.

One factor preventing an open split at this stage is the widespread expectation that the White Paper will propose an "interim" package of measures round which most of the party in Scotland can rally. Firm hints have been dropped to party officials that the devolution programme will go well beyond Labour's limited Manifesto pledge.

At the last General Election Labour's policy was confined to the following points: creation of an Assembly which would take over all functions of the Scottish Office with the exception of its

Another widely canvassed possibility is that the Assembly might be given power to raise a further 10 per cent. of its Budget through a "supplemental" tax, levied through specifically nominated tax mechanisms. It is assumed, however, that even limited taxation autonomy like this would in practice be unpopular.

It is not thought likely that a fixed proportion of North Sea Oil revenues would be allocated to the Assembly by the Treasury Office with the exception of its

recently-created industrial responsibilities, that it would operate through a block grant allocated by Westminster; that it would not be elected by proportional representation and that there would be no reduction in Scotland's 71 Westminster MPs and no abolition of the post of Secretary of State for Scotland. All these commitments are likely to be retained.

It now seems likely that the proposals will go further in response to pressure both from the Scottish TUC and from the Scottish Labour Executive, which in the last 18 months has altered its stance from hard-line opposition to devolution to one of support for it.

The White Paper is likely to concede that the Assembly should have a formal consultative role on economic and industrial matters such as operation of the Scottish Development Agency, though responsibility for these and for the nationalised industries would remain with the Secretary of State for Scotland and, where appropriate, with the Secretary of State for Industry. The White Paper might also concede that in time the Assembly could become the controlling authority for the Scottish Development Agency.

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Greek composers

by RONALD CRICHTON

Music on Saturday at the Greek Month, the air-chamber space at the office-room impinge on manes. At least they are the quieter passages among the more stereotyped five works by the composers. Anestis Logothetis, Vasilios Terzakis, and Nikos Terzakis are deeply involved with this aspect of the past. Both the Kratima of Adamis and Nomoi of Terzakis had as soloist the remarkable Logothetis of Angelopoulos, the pedantic or chanted heard at several EBF concerts.

Terzakis with his concern for "horizontal music" and his sparing but effective use of archaic colour (including a *santouri* or dulcimer and a long wooden pole beaten by the chanter) began by appearing a genuine original, but his emphasis on line which the invention in Nomoi did not seem able to bear. The Five Synthesmata of Logothetis, in which a flute (the excellent Stella Gadedi) improvises in matches over taped sounds from the inside of a piano, were succinct and consistent.

There was a similar consistency between the double-bass solo in the *Five* of Vasilios, a symbolic treatment of the idea of fire as ordeal and purification, dedicated to the memory of Janni Christou, the most strikingly gifted Greek composer since Skalkottas. Much of the *Five* had genuine conviction, but the conclusion, an infinitely prolonged crescendo and diminuendo was as corny as a Lisztian apotheosis. This is perhaps an appropriate moment to mention that Greek Columbia have issued the first of a series of records of the late works of Christou (CSDG 68). The *Paratasis* of Mamangakis is a mostly well-organised, semi-musical theatre piece in which Miss Gadedi sang and declaimed as well as fluted. "A work with a thesis—a political one" including parade-ground noises barked out so far as I could tell in English.

Elizabeth Hall

Dmitri Alexeev

by DOMINIC GILL

Alexeev is the 28-year-old Russian winner of this year's Leeds International Piano Competition. At his London recital debut last week he showed us that he deserved the title; but it was an uphill battle for half the way.

Until the interval, it seemed that Alexeev had lost his nerve entirely. His Bach *Chromatic Fantasy* was a jumble of muddled threads and muddled manners—noticeably chiefly for his hard, colourless, over-pedalled piano sonority, and its self-conscious attachment to a quasi-romantic idiom that was neither romantic nor very grand, nor in the least classically poised or expressive.

Though I did not hear it, his Liszt sonata was said to have been one of the high points of the Leeds Competition. On this occasion, it began as a dejected, overblown, inaccurate assault on the instrument; and remained to the end—though it became technically more secure—grotesquely stuffed with all kind of shallow "expressive" gimmicks: a vulgar turn in place of the grace-note in the famous *Andante* movement; a switchback of wild balls and surges, but not one of them pointed or musically apt; a patchwork of wild assertions, for sewn together with the flimsiest

Festival Hall

Columbia Falls

by RONALD CRICHTON

Love of landscape expressed in pictorial or musical terms is firmly rooted in the English make-up. Unfortunately composers now need to go further and further afield for stimulation. Not long after the Orkneyan comes Nicola LeFanu's *Columbia Falls*, named after "a remote village in Maine". The piece, a Feeney Trust Commission, was first heard (and broadcast on Radio 3) at Birmingham last Thursday with the City of Birmingham Symphony Orchestra conducted by Louis Frémaux. It was repeated at the Festival Hall the following evening.

Columbia Falls is a musical landscape some 20 minutes long, beginning with a wisp of flute, ending with a trail of flute. In between there is a long arc of sustained sound. Much of the work is well laid out for the orchestra: one section, starting with soft jingles on wind chimes and working up gradually with soft horns, then harp and brass, was particularly successful, then the colours went muddy and one began to wonder if the canvas was not too large

The Entertainment Guide is on Page 33

the Festival

e Sade and the 18th century

by OSSIA TRILLING



and Jourdan as the Marquis de Sade (at the back) looks down on the three incarnations of his youth

World premiere of Philippe's new play, *The Head of De Sade and the 18th*, is a gallant attempt to extract philosophical ideas from the playhouse, in a large, heated greenheart of Brussels, as a production of the 1975 Euro-Paris Autumn festival, due for transfer to the capital at the end of this month. The play is a worthy successor to the earlier efforts of Weiss, and company to reveal the seamy side of the political writings of the Marquis "to a theatre, an oblong podium, over 20 and 30 long, in and oddly decorated by Mandouze, a dozen and actresses scramble sport themselves, both on face and around it and in, but audibly within its, under the gaze of an seated claustrophobically on opposite sides of the central acting-area. If this be M. Adrien's idea of Hell from which there is no escape, the performance succeeds beyond belief.

Though their technical skill varied enormously, the players drawn mostly from M. Adrien's Paris-based Theatre Workshop) executed the vocal and bodily antics required of them by their directors, M. Adrien and Jean-Claude Fall, with loyalty and in a manner that places them squarely in the same experimental camp as Ariane Mnouchkine, Peter Brook, and the lesser-known figures of the Paris fringe.

With the help of his Spanish "Dramaturg", José Luis Aguirre, M. Adrien has dipped widely and deep into the works of his protagonist, played here by Raymond Jourdan, as the elderly 18th-century radical *marquis*, and by three younger colleagues, each representing a comple-

Festival Hall

Bachauer and Mata

by GILLIAN WIDDICOMBE

Gina Bachauer's steely octaves and smooth arpeggios once more travelled Beethoven's *E flat* concerto with the New Philharmonia conducted by Eduardo Mata. Young pianists would learn much from the effortless timing and natural tempi chosen for both Allegro movements. Miss Bachauer does not linger, but will play with a genuine sections she shapes quite individually, speeding up after the first movement cadenza, and setting a distinctive slow gallop for the rondo, with sparkling triplets and punchy octaves. But the performance is generally deliberate without giving way to imaginative fervour; it is big-boned Beethoven, free from neurotic attention to every sforzando.

But it was not a nervy evening. The Mexican conductor

Eduardo Mata began his programme with a six-minute piece of Mexican called *Sensameya* by Silvestre Revueltas. Light music, really; like a short, noisy reply to Bolero, making a feature of 7/8 rhythm and dance band percussion, and simplistic orchestration. The audience applauded warmly.

Mahler's First Symphony had obviously gathered most of Mata's attention. He took much of it slowly, emphasising the sticky string writing with sweet-toned cantabile, and keeping a tight hold on rhythmic details, which paid off boldly in the outer movements. However, the funeral march was less effective than usual; a case of Mahler's directions heard so literally that the result was more of a carefully assembled jigsaw than a ghostly parody. In grey form recently, last Thursday the NPO played neatly and appreciatively for Mata, if without distinctive character. He cues solo entries and divisions with the circumspection of a maths teacher, but does not always gather his players over the rise of a phrase.

Covent Garden

The Two Pigeons

by CLEMENT CRISP

As the true-hearted heroine of *Two Pigeons* on Saturday afternoon, Marguerite Porter made a debut that was dulcet, assured, full of the proper sentiment. A slender, fine-boned beauty with a delicately placed head, Miss Porter has always been a dancer of elegant lines and easy musicality; as the recalcitrant model she found a nice touch of gawky humour for the opening scenes, but it was in the moments of pathos that she scored particularly. I do not recall the last part of the play, that ecstatic view of true love's return which is among Ashton's loveliest creations—more rewardingly played save by its great originator, Lynn Seymour.

The tremendous joy with which Miss Porter handled her breast looked up at her beloved, the happy sweep of her body held in his arms, were perfectly judged. There were a few passages earlier in the piece when Miss Porter might have been brighter, less demure, but all in all this was a first appearance of more than passing merit; the ballet rang true.

Also new to me was Rita Perle's *Gypsy Girl*, a light and gold fringing with the best of them, and giving her solos an attractive edge: not afraid of appearing vulgar, Rita Perle brings a welcome verve to the interpret of the *Gypsy Girl*. From Cal Myers a hero both natural and charming; he plays the part as if he is completely at ease with it, and there is a fine dash in the variations.

Earlier in the programme we had seen *Four Schumann Pieces* which continues to be required viewing because of Anthony Dowell's superlative account of the central role. Dancing like his—classic in every sense of the word—is one of the great joys of ballet to-day.

PM joins D'Oyly Carte trustees

The D'Oyly Carte Opera Trust has announced that the Prime Minister, Mr. Harold Wilson, has accepted an invitation to become a trustee.

Dame Bridget D'Oyly Carte is the chairman of the trustees, and Professor Sir Cecil Parrott vice-chairman. Mr. James Hanson of the Hanson Trust, and chairman of Trident Television, has also accepted an invitation to become a trustee.

New Ashton ballet

A new ballet by Sir Frederick Ashton, a one-act composition *Monty*, will have its world premiere at Covent Garden next February. It is his first work since he retired as director of the Royal Ballet in 1970.

The ballet is freely based on Turgenyev's play. It is set to three pieces of Chopin orchestrated by John Lanchbery, who will conduct the first three performances.

Albery

A Month in the Country

by MICHAEL COVENEY

The Prospect Theatre Company last week began a repertory season with the successful 1974 Chichester production of *Turgenev's comedy*, last seen in London ten years ago with Ingrid Bergman and Michael Redgrave in the leads. Toby Robertson's production is snappy and emphatic, chiefly remarkable for the stylish and impeccable performance of Derek Jacobi as Rastin, the dependable friend of the family whose steady devotion to Natalya (Dorothy Tutin) is challenged by the arrival at the dacha of an attractive young tutor (Michael Horowitz).

The nearest of the play's composition is nicely pointed up by the vigour with which Natalya's husband (John Turner), a ponderous landowner, tells Rastin what he already knows, that Natalya finds him attractive. We have already heard how Natalya is "infected" with the tutor's "youth," and she in turn has told the tutor of young Vera's (Jane Lapotnik) infatuation with him. But for a comedy in which the whole must depend on the sincerity of the portrayed and reported emotions, Mr. Robertson's production is sadly thin.

Turgenev makes startling use of the monologue as a formal device, yet only Mr. Jacobi displays the technical expertise

these speeches demand. Miss Tutin, bright and charming though she be, resorts not infrequently to the sort of empty histrionics that are the downfall of all fine English comedienne required to project emotional truth (the current performance of Diana Rigg in *Phaedra Britannica* is in my view, another example). This leaves the stage more or less clear for Mr. Jacobi, although his quiet domination is occasionally threatened by the bluff, broad comic performance of Timothy West as the doctor who has a mercenary interest in the marriage of young Vera to a bloated, wealthy neighbour.

Graham Collier at the Elizabeth Hall

Graham Collier, who has been described as "the most interesting and listenable of Britain's jazz composers," takes over the Elizabeth Hall tonight, Monday, for a one-night *Cafe Blues* concert that lines up some of the leading jazz musicians in the country. The concert is presented by the Park Lane Group as part of its annual South Bank season.

The Graham Collier group will include Harry Beckett (trumpet), Rugehorn, Art Theman (tenor sax/soprano sax/flute), Derek Wadsworth (trombone), Ed Speight (guitar), Roger Dean (piano/electric piano), John Webb (drums), and Collier on bass.

They will play some new compositions from Collier's latest album, *Midnight Blue*, just released, a new piece, *Cafe Blues*, inspired by Carson McCullers' story, *The Ballad of the Sad Cafe*, and another new work, *British Conversations*, commissioned by Swedish Radio Big Band earlier this year.

market Studio, Leicester

Speak Now

by B. A. YOUNG

Wynark's *Speak Now* at Haymarket's little studio is a smaller version of her likeable Phoenix—is a denouement offering of a play by women. I am aware that I haven't enough attention. The final opening this week, is a from the East by Ruth Rals, winner of the Booker; other writers have been written Duras and Camus. The enterprise, no criminally sexist under new Act, may be safely for its imagination and as for it ends before the comes into operation.

Speak Now is not a sexist; not even a feminist one; an exceptionally funny play just this side of farce, which Mrs. Wynark demonstrates how the unexpected can be of bias. The set deals with domestic domination. Mrs. Stringer has for 23 years dominated her husband, a rather wet businessman dominated by Mr. Amish, his boss, both the Stringers dominate their daughter Billy, and Mrs. Stringer is dominated over the telephone by her mother. Billy is in the process of establishing domination over Mr. Amish's drop-out son Bunny. On an evening when Mr. Amish is to come to a meticulously prepared dinner at the Stringers' house, Mrs. Stringer suddenly, and quite unpredictably, puts on one of her husband's suits and a false moustache and introduces herself as his never-do-well brother Rollo. With uncharacteristic determination, Mr. Stringer disappears upstairs with a ready excuse and returns a moment later as Rollo's mad wife Lillian. The misunderstandings that follow as these two misfits upset the plans for conservative Mr.

Amish's conservative entertainment, are most ingeniously devised and pursued (though I wonder, I suppose, to the turkey in the oven?). They lead to an all-round resolution in which everyone gets what he or she wants and a path is indicated towards a generally happy future. It is done with skill both by the writer and the players, who include Peter Howell and Georgina Anderson as the Stringers, Elaine Strickland as Billy, Hugh Manning vast and rubicund as Mr. Amish and Paul Prescott as Bunny, redolent of liberation and macrobiotic food. Mr. Howell's and Miss Anderson's bisexual achievements are monstrously funny without a touch of camp.

I am a bit surprised that this play, which isn't altogether new, hasn't found its way to the West End, where farce seems to be such a safe investment.

Museum

The Italian Girl in Algiers

urnish it with pink and blue costumes, frisk through the air at tip-tap tempo, and are the services of that first mezzo coloratura, Patricia Kern, and you can hardly fail to Rossini's *Italian Girl in Algiers*. Certainly Miss Kern is the figurehead on Friday, the *Usemu* revival on Friday, plays the role with elegant and a snub-nosed minx who sings like Raminor—and sings it solemnly. No trouble with the cheeky wide range; the high ring smoothly, and the low is clearly projected, but can also produce some assiduously worked divisions where

boudoir aria "Oh for the pleasure" was the evening's high light, on Friday, and comic clichés were delightfully done. "Oh, how wily."

Miss Kern is, of course, a veteran of Wendy Toye's seven-year-old production, and so is her lecherous Mustapha, Harold Blackburn. He sings in a barking parlance, and paddles around with tummy bulging like a Regency box window. He is not the ideal Rossini buffo—tends to swing his voice like a sledge hammer at the opening of a phrase, and the tone is burly, but can also produce some assiduously worked divisions where

EXHIBITION

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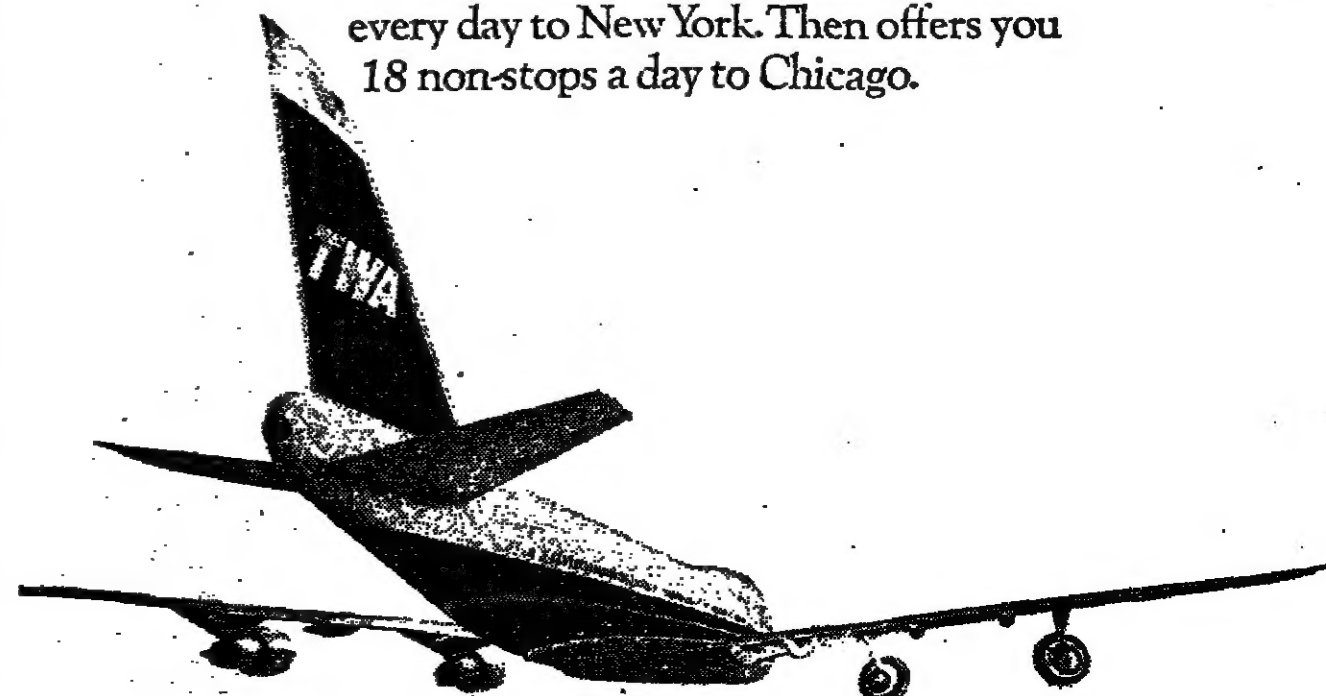
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HOME NEWS

Coal Board hopes to hold prices stable until March

BY ROY HODSON

THE SIGNS are that the National Coal Board will be able to hold coal prices at present levels throughout the winter while reducing its grants from the Government to the lowest levels for several years past.

The industry is well enough on target to be calculating its ability to hold prices on these terms until March 1. That would represent a one-year freeze in coal prices with 113m-114m tons produced.

After that, price rises will be necessary, but the industry hopes they can be kept to percentages sufficiently modest to enable coal to retain a competitive edge over fuel oil.

Recently, the Central Electricity Generating Board, the Board's biggest customer, has been increasing its coal burn while cutting its use of fuel oil by one-third. Part of the NCB strategy is to encourage that trend to continue by keen attention to competitive pricing.

The Government paid the NCB about £130m. in grants and subsidies in 1973-74. Last year, that aid was reduced to £60m. The Board is confident that the level of aid can be further reduced this year and would like to see the figure cut to £30m. or less.

The fact that the miners have accepted the £8 pay limit is enabling the Board to plan ahead with more confidence than for a long time past. The weeks between now and Christmas are traditionally the period when output is high culminating with the "Bull" weeks just before the holidays.

The Board foresees a rising trend in coal output and attendance for work between now and the end of next March.

To enable coal production to continue at high levels irrespective of temporary fluctuations in demand, the Board is concluding new plans to finance stocks of coal on the ground. The cheapest way to stock coal is to leave it in the ground until it is needed, but past experience has shown that such a course is not practical.

Already deferred payment arrangements have been concluded with the CEB and the British Steel Corporation. Coal is being delivered to power sta-

Ryder 'wrong' to call for more foundries

BY LORNE BAILING

THE CALL FOR four "brand new" iron foundries in Britain, made by Lord Ryder, the chairman of the National Enterprise Board, has been rejected by the Council of Ironfoundry Associations on the grounds that the existing industry needs to be redeveloped first.

It is estimated by the Council that the industry needs to invest £300m. in the next five years to make up for the lack of investment in recent years. In spite of proposed aid from the Government, most of the money will have to be raised by the foundries.

For that reason, the Council believes that Lord Ryder's comments, which it described as extremely damaging, untimely and discouraging, will be detrimental to its efforts to raise capital from independent sources.

It said: "Lord Ryder's approach demonstrates his ignorance of the structure of the industry and the markets it serves and does a great disservice to the U.K. ironfoundry industry."

Companies which employed fewer than 200 people made up 87.5 per cent. of the industry and they were faced with heavy expenditure on pollution control, apart from other improvements. It was likely that new foundries might be needed to meet demand generated by an economic upturn, but there was now excess capacity within the industry.

Little cheer likely in jobless total

BY MICHAEL BLANDEN

RECENT SIGNS that the economy may be reaching the bottom of its recession will be tested against the latest unemployment figures, due to-morrow.

The statistics this month are unlikely to offer very cheerful reading at this stage of the economic cycle. In recent months there has been a sharp upward trend in the underlying level of unemployment, with the seasonally-adjusted total of wholly unemployed up to more than 1m.

The abrupt rise, it is thought, reflects the sharp downturn in economic activity in the second quarter, and a shake-out of the labour which had previously been kept on short time.

The situation prompted the National Institute of Economic and Social Research in its last Review in August to suggest that the Government should take action to reduce the economy. Redefinition was needed, it felt, to avoid a rise in unemployment at a rate leading to withdrawal of union support for the counter-inflation policy.

The Government appears, however, to have resisted pressure for redefining action in the interests of sustaining the attack on inflation, and the new NIESR Review expected out on Thursday is likely to take into account the changing position.

Also on Thursday, important figures of industry's capital spending and stock position are due. In the second quarter the slump in manufacturing industry's new investment continued, in real terms, and the third-quarter figures should provide an indication of more recent trends.

Shipyards hit by Japan's cut prices

BY JOHN WYLES, SHIPPING CORRESPONDENT

SAVAGELY competitive pricing for the Japanese to lower their profile in the world market. After talks in Tokyo earlier this month, European and Japanese shipbuilders are expected to meet again in the next fortnight or so to discuss possible ways of dealing with the over-capacity in world shipbuilding.

Some Japanese yards have been quoting prices 30 to 40 per cent. lower than their main European competitors. This has helped Japan to secure, in the World Ship Order, published by Fairplay International Ship-Building Weekly, that they highlight the ordered, and 47 out of 171 orders from West European shipbuilders.

During the last three months, 90 per cent. of all available orders for bulk carriers went to Japanese yards, which also made impressive inroads into the market for dry cargo ships.

These successes in a depressed world market for new vessels are revealed in the latest report of the World Ship Order, published by Fairplay International Ship-Building Weekly. They highlight the ordered, and 47 out of 171 orders from West European shipbuilders.

A total of 374 new orders were placed in the world during the quarter, bringing the total to 3,553 ships, representing 189.15m. deadweight tons.

British shipbuilders are believed to have placed a substantial slice of their new orders with Japanese yards this year. This has aroused considerable annoyance among British shipbuilders, who claim that they should be getting much more support from U.K. shipowners.

Japanese tactics are dictated partly by the absence of any new orders for tankers and are designed to keep their yards working while they are adapted for building a wider variety of vessels.

Granada documentary criticised by IBA

Financial Times Reporter

GRANADA Television has been criticised by the Independent Broadcasting Authority because of the way Granada's World in Action programmes on British-owned tea plantations in India and Sri Lanka earlier this year were presented.

The rebuke from the IBA comes after representations from the Co-operative Wholesale Society, one of the few companies singled out for comment by World in Action.

Granada "has been left in no doubt about our dissatisfaction at this lapse from the standards of impartiality which we require from our programme contractors," Lady Plowden, the IBA chairman, said.

The World in Action programme alleged that extremely poor conditions of work, low pay and even malnutrition widely existed on British-owned tea estates in India and Sri Lanka. The CWS, which has estates only in India and not in Sri Lanka, denied that such conditions existed on its properties.

The IBA did not unreservedly accept the CWS protests. It felt that Granada was wholly justified in examining working and living conditions on British-owned tea estates.

But although it was impossible to argue away the distressing cases shown by World in Action, the IBA felt more attention should have been given to the various welfare measures adopted by the CWS on its properties, even if, as Granada claimed, they did not seem sufficient to meet all cases of need.

High Court to hear decision on NVT rescue plans to-day

BY PETER CARTWRIGHT and PETER FOSTER

THE HIGH Court will be told to-day if a plan to save Norton Villiers Triumph Manufacturing has been approved by the Department of Industry and the company's creditors.

Hopes of keeping alive the Small Heath, Birmingham, arm of NVT were raised last week, when the High Court judge was told by counsel for the company's receivers that rescue proposals for the plant had been approved "in outline" by the Government.

The plan — where Triumph Tridents are manufactured by a labour force halved to about 700 — is now the subject of a compulsory winding-up petition by its trade creditors. However, the winding-up has been adjourned more than once on the understanding that a rescue plan might be launched.

Although details of the rescue scheme have not been disclosed publicly, the High Court has been told that they would be forthcoming this week. They are expected to recommend the further scaling-down of the operation. A move to smaller premises nearby is almost certain, in order to preserve subcontract work for other companies in the parent group.

Sig. de Tommaso is under to be keen to secure a fo in the U.K. market, and to been impressed with the facturing quality and or of the co-operative, Mr. Johnson, the co-operative's man, and other represent spent the week-end disc the possibility of intro one of the smaller 2 power units extend range of the Bonneville.

Before leaving for Italy, Johnson explained that time and cost were again co-operative in its plan modernise and extend the

Other Home News on Page 10

Record month for National Savings

By Donald Maclean

NET RECEIPTS by the National Savings Committee last month were the highest for nearly three years — at £51.9m. — excluding undistributed interest, according to preliminary returns.

In October last year, they were £15.2m.

A substantial part of last month's net inflow of funds was accounted for by the Trustee Savings Banks, while sales of index-linked savings certificates, which are available to those of national retirement age, also contributed substantially.

The movement's receipts, however, can be put into perspective by a comparison with the building societies' returns for last month, which showed an increase of £306m., the third highest total ever recorded.

In the Trustee Savings Banks there was an increase in deposits of £28.9m., compared with £19.7m. in October last year. Sales of index-linked savings certificates amounted to £15.6m. Over the first seven months of the financial year, National Savings totalled £237.3m., excluding undistributed interest, whereas in the same period last year there were net withdrawals of £101.4m. With undistributed interest added in, there were net receipts of £434.3m. in the past seven months, against £76.4m.

SAVINGS STATISTICS

	Apr.-Oct. 1974/5	Apr.-Oct. 1974/5	Apr.-Oct. 1974/5	Apr.-Oct. 1974/5
	£m.	£m.	£m.	£m.
Savings Certs.	322.2	29.5	125.4	21.4
Index-linked				
As you earn				
Dpt. Nat. S.	17.4	9.0	10.2	3.1
P. S. Bonds	22.6	14.3	30.2	0.0
Total S.A.T.B.	29.8	23.3	40.4	3.1
Br. Sav. B. Ind.	70.7	67.3	77.7	143.4
Br. Sav. B. Ind.	75.7	30.5	67.4	46.5
Post Office	15.7	30.5	67.4	46.5
Total T.S.B.	261.8	119.1	232.2	489.4
Unst. S.A.T.B.	380.4	385.5	310.1	335.5
Unst. S.A.T.B.	61.4	60.4	54.7	64.4
Total Unst. S.A.T.B.	441.8	445.9	364.8	400.0
Unst. S.A.T.B.	1,257.0	1,333.5	1,194.7	1,589.9
Unst. S.A.T.B.	258.1	267.4	255.5	311.8
Current Acc.	556.2	520.7	585.5	252.5
Total T.S.B.	2,798.2	2,790.2	2,304.6	2,203.5
Unst. S.A.T.B.	6,738.2	5,500.9	5,230.1	5,058.5
Net Savings	-207.2	-10.4	-10.4	-10.4
Net Savings (incl. Int.)	272.8	76.1	254.1	75.1
Net Savings (incl. Int. on Certs.)	272.8	76.1	254.1	75.1
Net Savings (incl. Int. on Certs. and S.A.T.B.)	272.8	76.1	254.1	75.1
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B.)	4,411.8	3,673.6	3,183.4	3,006.2
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B. and Current Acc.)	4,411.8	3,673.6	3,183.4	3,006.2
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B. and Current Acc. and Index-linked)	4,411.8	3,673.6	3,183.4	3,006.2
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B. and Current Acc. and Index-linked and Unst. S.A.T.B.)	4,411.8	3,673.6	3,183.4	3,006.2
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B. and Current Acc. and Index-linked and Unst. S.A.T.B. and Unst. S.A.T.B.)	4,411.8	3,673.6	3,183.4	3,006.2
Net Savings (incl. Int. on Certs. and S.A.T.B. and Unst. S.A.T.B. and Current Acc. and Index-linked and Unst. S.A.T.B. and Unst. S.A.T.B. and Unst. S.A.T.B.)	4,411.8	3,673.6	3,183.4	3,006.2

Record entry in management championship

Financial Times Reporter

A RECORD entry of 946 teams will contest next year's national management championship, starting in January. This will be the seventh in the annual series of National Management Games sponsored by the Financial Times, ICL, and the Institute of Chartered Accountants in England and Wales.

The competition — for a £500 first prize — will have two new features. The Confederation of British Industry and the Institute of Directors will be associate sponsors. Also, the entry for the first time includes a trades union, which insists on remaining anonymous for the time being.

The final will be held in London, probably in July.

Tax system threatens freedom, says Howe

BRITAIN'S tax system and the "fame drain" it encourages are a threat to freedom itself, Sir Geoffrey Howe, "shadow" Chancellor, said at the weekend.

If Socialist Chancellors do not see the folly of their present policies, they could all too easily be driven to impose restrictions on the freedom even to emigrate. The Berlin Wall would have moved to Britain itself.

The top tax rates served only to diminish revenue, to drive out the job creators and to lower the chances of restoring the health of the economy, Sir Geoffrey said at Arundel, Sussex.

"Throughout the country there is a clearly a submerged awareness that Britain is being taxed to death. This general hostility to high taxation is a serious recognition that the more damaging and pointless it becomes."

"It should not be a matter for surprise that ordinary people recognise what egalitarian politicians refuse to acknowledge. Emigration statistics received much less attention than those for immigration, a horrifying tale."

"Every five years since war, about 1m. people emigrated from these islands. Increasingly, they have become a disproportionate number of the most talented, ambitious, highly educated people in the country."

In 1974, 40 per cent. of who left were managers, professionals and technicians. The Government's own figures showed that no less than a quarter of the 80,000 emigrants were in the professional, technical and managerial categories. A survey showed that one in five managers was very interested in moving abroad.

EEC laws will mean more aid for the redundant

BY DONALD MACLEAN

MORE SUPPORT for redundant employees during retraining and finding a new job is likely if the European Commission tries to unify redundancy laws in the Common Market according to a report issued to-day by the Institute of Personnel Management.

Already there are "remarkable similarities" between provisions for redundancy, unemployment, early retirement and retraining in Western Europe, and these similarities are becoming more pronounced.

In the Western European countries covered by the survey, the employer proposing redundancy is normally obliged "at least to notify the State ... and to consult employee representatives (usually the works council) before issuing redundancy notices."

Only in Denmark and in the U.K. until the Employment Protection Bill becomes law, is there no obligation to notify the State of projected redundancies.

It seems "probable that redundancy provisions in Western Europe have to be seen against a background where:

- 1—All countries will continue to face problems of rural unemployment and;
- 2—Problems of redeployment for some countries will be accentuated by an upward trend in the rate of unemployment."

Ireland and "until Employment Protection becomes law, the U.K. are in no obliging employment consult employee representatives on the need for redundancy."

There are strong similarities "relating to selection redundancy." Except the and Ireland, all countries special protection to "groups of employees."

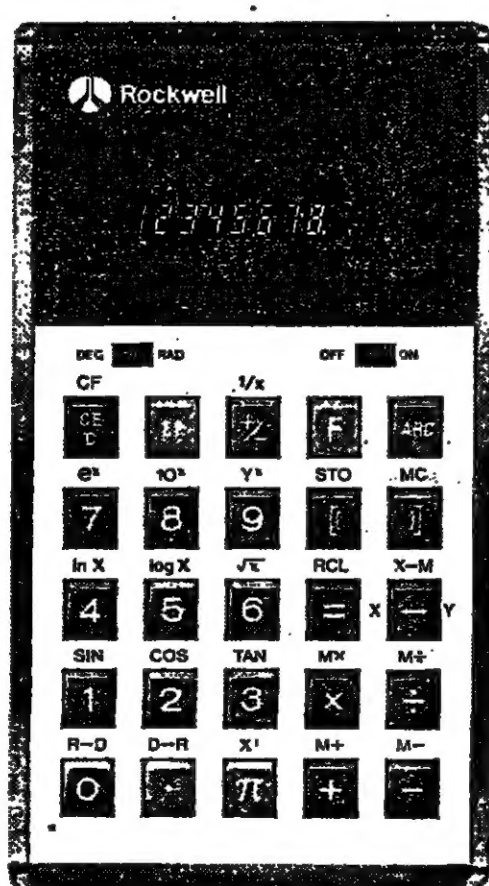
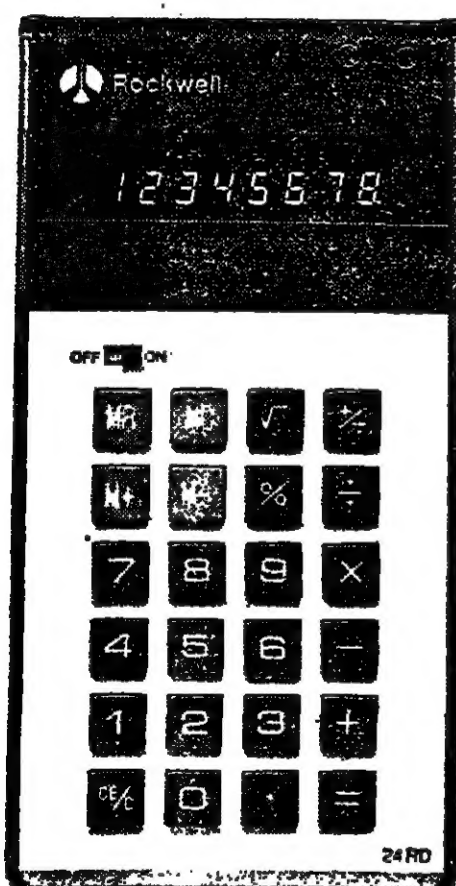
These groups normally include shop stewards, members of works council and safety representatives, pregnant women and handicapped workers going on military service.

Redundancy in Western Europe by Roger Harrison, Institute of Personnel Management, £5.00.

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BY BRIDGET BLOOM, AFRICA CORRESPONDENT

BY REGINALD DALE

By Ihsan Hijazi

By Our Own Correspondent
TEL AVIV Nov 22

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[illegible]

The Office World

EDITED BY JAMES ENSOR

Transfer system

BY NICHOLAS LESLIE

MONOTYPE CORPORATION, manufacturer in the U.K. and one of the major names in the typographic industry, is apparently on the point of stepping into the dry transfer market—where Letraset has a dominant share of the business—by backing a small company, Graphic Systems International, which has developed a new form of transfer production.

It is understood that under the deal, details of which should be announced shortly, Monotype will distribute Rapitype in countries in all five continents, although GSI will retain certain overseas markets under its own control. At the same time, GSI will keep control of all distribution activities in the U.K.

The development of Rapitype was begun by a company called Graphic Systems Limited. This was a concern which provided various services in the typographic and other areas to advertising and similar agencies. It was in the course of this work that the company started to develop a dry transfer system based on a photographic process rather than printing, which is the base of the Letraset system, for example.

However, the company's exploitation of the system followed a difficult path. To finance the development costs, Graphic Systems turned to the Small Business Capital Fund.

Backing

While the SBCF gave financial backing for a period, the company's success in completing development of Rapitype was apparently not quick enough and in the meantime Graphic Systems was losing money. Eventually SBCF decided to withdraw and this led to the company going into receivership in March, this year.

However, shortly afterwards, Mr. Philip Dixon bought the assets from the Receiver and injected capital into the company via a new concern—GSI—to complete the development of Rapitype and to develop a distribution network. Mr. Dixon's experience in the paper industry is considerable since he was formerly managing colour, which determines the content of any sheet—and film stock, which determines the colour. The carrier sheet is made of polyester and it is a non-stretch material, which guards against any distortion when transferring to a surface, the third largest newspaper as well as being transparent.

Fragmented

This is particularly so since the dry transfer market is very fragmented—there are a number of other manufacturers such as Dymo and Mecanorma, the French concern—and a well-developed distribution system is vital. Indeed, Letraset's distribution and marketing are recognised as being very strong. GSI maintains that its Rapitype has advantages over other systems because the photographic process entailed makes it more readily suited to decentralised manufacture and more adaptable in terms of providing special orders for both lettering outside the standard ranges and also art work. Also, in the range of 10 colours available, it argues that it can be fed through most duplicating systems without the need for a fixative to be applied to guard against heat lifting the Rapitype from the surface to which it is bonded.

Because of its conviction in Rapitype's versatility in production, GSI plans to concentrate on its colour transfers for presentation work and customised sheets. Since June, the system has been running on a pilot basis through six licensed dealer installations in the U.K. It is planned to appoint further regional distributors with in-house equipment, together with a number of stockists.

The Rapitype process entails production of a photographic negative—which determines the content of any sheet—and film stock, which determines the colour. The carrier sheet is made of polyester and it is a non-stretch material, which guards against any distortion when transferring to a surface, the third largest newspaper as well as being transparent.

Changing routines of office workers

BY ROY LEVINE



Dr. David Springett



Dr. Renzo Zorzi



Mr. Bill Brough

copiers (naturally) and facsimile transceivers—a nearly paperless office, with little need for the telephone.

These grandiose titles have been part of the marketing drive to convince business to buy new equipment. Although the drive to reduce office costs is coming from the industry, there is a very real need to automate the office at a time when paper work is still mushrooming despite the computer, labour costs have risen faster than any other index (before the \$8 limit) and the white collar sector is expanding.

Dramatic scenarios of the electronic office, with machines replacing people and upsetting traditional working relationships have created some trepidation among management. At the same time the trade unions, which have been recruiting at a rapid rate in the white collar sector, are scared about redundancies caused by using the new technology. In response to these feelings, the companies have changed their marketing ideas.

Noticeable

This has been most noticeable at IBM which began by promoting the word processing centre where productivity benefits were maximised by a large number of people all doing the same job. To-day, however, IBM emphasises the "administrative support centre" made up of between four to seven people each doing a variety of jobs from typing to making appointments and servicing a number of bosses.

In this way, the coverage of word improves and there is more personal contact between the staff and with the bosses," explains Mr. Bill Brough, manager, marketing support, Office Products division.

In the past, he admits, there has been too much concentration on measuring productivity. "The degree and quality of service for the bosses should be looked at, too." In switching its message, IBM has laid more emphasis on routines. "Having the right technology is only a

part of the picture—we do not just talk hardware but look at how an office is organised, its procedures and how it manages its work."

Like its main competitor, Rank Xerox, IBM's salesmen each sell the whole range of office products. "If we had dedicated salesmen we might be able to sell more equipment, but our service to the customer would be less," says Bill Brough.

Olivetti, Europe's biggest producer of office products, has taken a similar line. "To-day we are selling solutions, not hardware. Therefore we need more sophisticated salesmen and the company is spending more on training its sales force," says Dr. Marisa Bellisario, in charge of Product Planning.

Rank Xerox has modified its approach too. Dr. David Springett, manager, Advanced Business Concepts, says: "Productivity gains will come from speed and service rather than savings in people." The simplification of operation has become one of the strongest selling points of office equipment. Yet this is only one of the factors in the trend towards creating the right "human" appeal in machines. At Olivetti, for instance, its

latest teleprinter has a near-silent printer, symbols that indicate how to operate the machine ("It takes the thinking away," I was told), and a diagnostic box that pinpoints where the machine breaks down.

It is true, as Dr. Bellisario points out, that the elimination of mundane tasks releases the operator for more intelligent work, but there could be an interim problem in finding new avenues to express higher aspirations.

"There is a new generation of office workers with different aspirations, especially women," says Marisa Bellisario, adding, "In twenty years time women may not want to be secretaries at all."

If the new machines are becoming easier to operate and require fewer technical skills, more and more bosses may find themselves doing their own secretarial work—a trend that most of the companies see developing. Because the machines will be faster, lower echelons of staff will have more time for leisure—their main compensating factor.

Dr. Renzo Zorzi, director of cultural relations, design and publicity at Olivetti, sees the threat of work becoming less

pleasurable—an act merely necessary to survive.

"Office workers may face the same alienation that manual workers suffered when industrial work was automated, because they may not see the end result of their efforts. But the compensation will be fewer working hours, a healthier and more comfortable working environment and higher pay."

Signs

Manufacturers are cagey about the precise form that the Office of the Future will take. But already there are some clear signs. IBM sees an evolution around the computer with the emphasis on communications between managers. "Between the Board and the clerk there is a whole mass of managers that we have not yet provided tools for," notes Bill Brough, who sees the professional having a single console on his desk through which he can get most information he may need.

But IBM will not be ignoring the typist. There is some dichotomy between its word-processing units, best used for daily correspondence, and its more recent text-processing systems such as STAIRS and ATMS,

using mainframe computers: high-volume use, archival and information retrieval. By 1980 these bigger systems could predominate, but no the industry has produced speed printers of equal quality as its typewriters, and screens at economic costs.

Even Rank Xerox, earlier this year withdrew manufacturing mainframe printers but retained its DP admits that the ultimate figure will include computer power. But before hardware becomes integrated each product would need perfecting, warns Springett.

This year Rank launched its own editing writer, the Xerox 800, could make quite an impression on a market which has a number of casualties between Europe and the U.S.

Olivetti has not had a presence in the word processing field, but given that over a of its total revenues are from typewriters, it would be surprising if it did not pursue a comprehensive range in the future.

Reflecting the trend in Olivetti has transformed its products, nearly 70 per cent which are now electronic, less than 10 per cent, six ago. It sees the greatest growth in accounting machines reckons to have about a quarter of the European market.

At the same time it sees growth in distributed data processing through the use of terminals and video plays—which could be a heartening sign for office tionships.

According to Dr. Zorzi decentralisation of information could mean the office returning to smaller areas and working reflecting the easier access to central information. The circle of integrated work has already been accepted by some Continental companies including Olivetti's factory at Ivrea which produces a whole range of products and hence avoids stresses of alienation.

The fear about phobias

BY DR. DAVID CARRICK



"... rushing up and down, glancing frequently at a pocket watch."

WE ALL know what we mean by the word worry, but however clever or devious we may be, it is difficult to define the intangible in actual terms. No step to fear, a fundamental characteristic of most animals interested in self-preservation.

Psychiatrists, never happy with common words when oddities can be coined, talk of phobias... which are really words for Greek fears. But that word has proved a splendid suffix to others describing numerous fears, including such peculiarities as: *ergophobia*—a fear of work; a common disorder; *dysphobia*—a fear of drinking, which is all too rare; and *phobophobia*—a fear of being afraid, perhaps the most vicious of all circles.

To be fair, these phobic conditions, although gross exaggerations of the normal, are quite separate from other emotions and can be of great ferocity. My first experience of the disorder was when, as a grossly overworked and underpaid junior doctor, I was called from one of my seven other jobs to a casualty. The nurse phoning was unable to explain her by the word worry, but however clever or devious we may be, it is difficult to define the intangible in actual terms. No step to fear, a fundamental characteristic of most animals interested in self-preservation.

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ing the brief stay with G they had neither eaten, drunk. I said there was no at all. This saddened the and he tried to escape, but himself on the steriliser I attempt. "When we die we will sue!" he scree "How about some X-Rays?"

An idea occurred to me asked him how long he had in Casualty. Out came watch. "Thanks to your torments," he fumed, minutes and 42 seconds!" pressed some dismay. spent a few minutes ne suspected case," I said, "W it comfort you to know you have been four times to here where we have five armed cases?"

He knocked over steriliser, used some most seemly language; ru over to the waiting wi shouted: "Come on! Mo This is a den of vice pestilence!" And he dra her up and they both su down the corridor and out the dusk.

We never saw them a and I was too tired to appre so exquisite an example nosophobia.

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has moved to permanent premises at: 8, Angel Court, Throgmorton Street, London EC2R 7HT. Telephone 01-606 8011

MANAGER: Mr. R. H. TODD

BARCLAYS

It's time you made a move towards Office Planning... Ask anyone.

MD.
Ask yourself first. Yes, you're a very busy man. Your time is money... and so is the time of everyone on your staff. So the longer you put off reorganisation, or even a move, the more of that time is being wasted.

Calling Office Planning will be anything but a waste of time.

Company Secretary.
Well, he'd welcome a move to more extensive premises. If it weren't for all the legalities involved... leases, licences, government regulations... they give him nightmares.

Office Planning would help him to sleep peacefully.

Brian Benbow
Brian puts in a lot of important business. But he reckons he could pull in a great deal more if the company projected the efficient and forward-looking image that he does.

Hello, switchboard.
I've been cut off! It happens in the best of places. And you can't always blame the malignant telephonist. Most telecommunications systems are so outdated, they provide more aggravation than communication.

Office Planning would save you a lot of crossed wires.

Karen
She walks nearly two miles a day... without knowing it. From one end of the building to the other, usually with an armful of files. If she knew how much exercise she was getting she wouldn't bother with that diet.

The tea lady
A most unpredictable character. Ask for tea, she dispenses coffee. Ask for coffee and you get tea. And the taste is... terrible. Makes you long for an ordinary glass of water. How come you can't get a simple thing like that around here anyway?

Alison
She's a super-sed Languages... everything. So you pay her a super salary because you don't want to lose her. But money isn't everything to a girl like Alison.

Office Planning would give a girl like her the right environment. And she'd appreciate it. (Money isn't everything to us either. So you can afford to call in Office Planning.)

Mrs. Gerard
Usually so brisk and busy. But round about this time of day she often gets one of her 'heads'. The doctor suggested it could be caused by the lighting in her office. But it seems to her to be overbright, if anything.

Office Planning knows the discomfort 'office glare' can cause.

Frank Derby
The company develops on the talents of men like him. He seems to have an intuition for making the right move at the right time. And right now he feels it's time for a move... or some office planning.

He's probably right.

Clare Reception
And very nice too! But believe it or not, Clare has trouble communicating, thanks to the 'travels' of the internal phone system. Keeping people waiting can be acutely embarrassing.

Mrs. Davies
Cleaning this place is a work of art. Take Mr. Clifford (though who'd take him I don't know). Move the papers off his desk to dust and all you get is complaints. Says it disturbs his filing system. What he needs is a good sort-out. (Tell him about Office Planning, Mrs. Davies.)

Rodney
A promising lad... with one major drawback. You can never find the fellow when you want him. He always seems to be occupied elsewhere.

Office Planning would help you to keep track of Rodney.

There are plenty of reasons why offices don't function as well as they might. As you can see, Office Planning knows them. So call us if you're thinking of a move to new premises. Or re-organisation. It's never too soon to bring us in. Our team will handle everything from space planning, design, specifications, tenders and statutory matters... to designing a telecommunications system to suit your company's precise needs. We'll even handle the herculean task of removal.

Leaving you with little or nothing to worry about, because we won't bother you with the problems. We'll solve them. And you'll appreciate the results. So will your staff. Because when you plan offices for people... they work better.

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LABOUR NEWS

Children face threat of part-time school

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THERE MAY be only part-time schooling for thousands of children in England and Wales next term because of sanctions threatened by the biggest teachers union.

The threat from the National Union of Teachers' executive meeting in London, at the weekend, is that the union's members will refuse to take over the work of sick or otherwise absent colleagues in areas where school staffing is kept below a level the union considers adequate.

The Professional Association of Teachers, whose 10,000 members are committed not to go on strike in any circumstances, hit out yesterday at the NUT's decision.

Mr. Ian Mitchell Lambert, vice-chairman of the association, said in London that he doubted that most teachers, including those in the NUT, were in agreement with the NUT executive.

The threat—which will be acted on only if two-thirds of the NUT members in a given school agree to it—is the latest step in the union's efforts to forestall teacher unemployment, which it fears will rise substantially next autumn when 35,000 newly-trained teachers will be seeking jobs.

The main target of the threat is the large number of local authorities which, facing reduced budgets and pressure from other public employees' unions, are apparently cutting more on education than on other services.

When teachers refused to "cover" for one another in London last year, many schools were reduced to giving part time lessons and thousands of children were sent home.



"Voluntary initiative is a vital legacy to leave the future"

Lord Shawcross

"Nothing can take the place of friendly personal help to people in need, and as society gets more impersonal we want it even more, however our social services develop.

"I believe it is particularly needed among the elderly, for as one gets older, it becomes easier to understand their special problems. To sit in loneliness every day, as many have to, is a very heavy burden.

"I therefore welcome the initiative shown by Help the Aged in helping the growing number of lonely old people in our midst. Just as they have shown compassion and common sense in providing flats, they are now finding a positive answer to loneliness by mobilising local people in helping to start Day Centres. Here old people find friendship and practical help in remaining active. I can think of no finer legacy to leave."

Under recent legislation gifts to charity up to £100,000 are exempt from Gift Tax.

Commemorate someone dear to you

£150 perpetuates the name of a much loved person on the Founder's Plaque of another essential Day Centre. £100 names a hospital bed overseas.

For further details please write to:—
The Hon. Treasurer,
The Rt. Hon. Lord Maybray-King,
Help the Aged,
Room FT14, 8 Denman Street, London W1A 2AP.

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Description	Price	Telephone
1974 Ten Strand roll forming line by Hunter-Douglas. Virtually unused. Capacity 300 mm x 12 mm M.S. strip complete with automatic cut-to-length equipment.	P.O.A.	021-556 0904 Telex 336414
Vacuum Forming Machine 3050 x 1700 mm, moulding depth 600 mm, plunger double heating frames.	£16,000 f.o.b.	004641212 Sweden 32340
1974 Duplex Slitting Line to Process Sheet into a wide range of Accurately Slit Blanks. Fully Automatic Installation.	P.O.A.	021-556 0904 Telex 336414
New, unused 220 KVA air cooled Diesel Generator with Stamford Alternator.	£9,000	Mr. Williams Aylesbury (0296) 630555
British Polar Diesel Generating Sets, 1250 KVA. Choice of 4 machines.	P.O.A.	Melton Mowbray 4541
Nu-Way HG.360 Heater.	£2,000 c.i.b.	01-253 6000
Reconditioned Modern Rolling Mills, Wire Drawing Plant, Slitting, Levelling, Cut-to-length Equipment, Furnace and extrusion facilities.	P.O.A.	021-556 0904 Telex 336414
1973 Newall SA Cylindrical Grinders—High Speed 12" x 36" Angle Head Plunge up to 10" wide with copy. Completely equipped.	From £15,000	02092-4357
N.C. Flexowriters for Punching N.C. Programme Tapes—Rebuilt with 2 year Guarantee—Save up to 50%.	Prices from £995 £1,350	Dudley (0384) 57453
Bigwood 16 x 0.049. Cut to length and Forming Line.	P.O.A.	0742-26311 Ext. 356 Telex 54119
B & W V.1000—Water Cooled 100 cfm Air Compressor.	£6,250 + VAT	as above
5 Ton O.H.T. Crane 37' span motorised 400/3.50. Cab control. Must sell.	Offers over £500	Horley (02934) 5222 Ext. 22
Potato Peeling Line, continuous operation Lye Peeling process	Offers	Mr. Taylor/ Mr. Andrew Belfast 31516
E/Electric Co 12 C.S.V. Diesel Generating Set 1437.5 K.V.A. skid mounted Auto start control. Only 785 running hours. Can be inspected working in situ.	P.O.A.	G. J. Goodwin 061-775 7111
1971 Conveyancer. Fork lift truck. 7,000 lb lift. Torque converter. Perkins diesel.	£3,000	Mr. G. Harring 061-775 6172

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'Censorship' complaint by EPTU Left wing

By Loretta Oslager, Labour Staff

BALLOT PAPERS for executive elections in the Electrical and Plumbing Trades Union were sent out over the week-end as Left-wingers complained that "censorship" had prevented a full and open debate on whom should be elected.

The contest is for six seats on the 11-member executive.

After the Right-wing triumph in the elections to the Amalgamated Union of Engineering Workers' executive last week, the EPTU elections are considered as another test of strength of Right versus Left in the union movement. The Right has a majority of five on the executive.

Flashlight, the militant paper of the electricians' Left, said at the week-end that it had been unable to publish a full edition on the elections because to have done so "could possibly have prejudiced the chances of several candidates."

It said under a red banner headline, "Censored," that "the threat of invalidation of any, or all, of the results for reasons that can be interpreted as 'outside intervention' is a very real one."

Under the union's rules election results can be declared invalid if there has been outside intervention. The Left-wingers apparently believe that the national executive of the union may consider this when the election is over.

The election results are expected to be announced on December 15 after a meeting of the executive. Counting of the ballot by the Electoral Reform Society must be completed by December 9.

Steel unions discuss "cut costs" appeal

By Loretta Oslager, Labour Staff

TRADE UNIONS in the steel industry this week began working out their response to the British Steel Corporation's request for a further drastic reduction in labour costs, which could easily lead to confrontation over redundancies, plant closures, and cuts in earnings.

To-day, the executive of the Iron and Steel Trades Confederation—the biggest union in the industry—holds a special meeting to discuss the Corporation's statement that it has to cut costs by £200m. a year in the next two financial years.

A FURTHER 20 British Airways flights from Heathrow Airport, London, to European capitals will be cancelled to-day after the decision by 500 fleet maintenance engineers yesterday to continue their strike over "flexibility" money for working TriStar jets. Twenty-three of the 150 daily flights were cancelled yesterday. The airline said that passengers would continue to be carried on other flights.

BA managers will meet trade union leaders to-day in another attempt to find a solution to the long-running dispute over TriStar work.

Charterhouse group posts

Mr. Geoffrey G. Rice has been appointed chairman of CHARTERHOUSE GROUP, a new subsidiary of the Charterhouse Group.

Mr. John Singer has joined the Board of FLEXIDATA and also becomes managing director of a new subsidiary, Flexidata (Sales).

HUNTING ASSOCIATED INDUSTRIES has formed Hunting Engineering Management to co-ordinate the activities of subsidiaries. Mr. Clive Hunting becomes chairman of the new company and Mr. Geoffrey Dollimore has been appointed managing director.

Mr. A. Philip Green, formerly assistant managing director of KWKFORM has become joint managing director with Mr. F. Malcolm Russell who is also chairman. Mr. Philip Green has been appointed marketing director assuming responsibility for the international marketing operations of the company.

SEDDON DIESEL VEHICLES has appointed Mr. L. H. Weeks as a director and he becomes vice-chairman and chief executive officer. Mr. H. Edwards will continue as chairman of the group, and Mr. G. J. Redmond and Mr. D. W. Redmond will remain as joint managing directors. Mr. F. G. Woodhead, formerly manager, manufacturing accounting, of International Harvester Company of Great Britain has been appointed secretary and comptroller. Seddon Diesel is a subsidiary of International Harvester.

Mr. P. M. D. Crick has joined the Board of THERMAL SYNDICATE.

Professor R. Smith has been appointed to Board of TELEPHONE AND GENERAL TRUST.

Mr. G. Mair has resigned from the Board of ANNON STREET INVESTMENTS.

Upon the merger of ALEXANDER ROWDEN and HALFORD SHEAR (HOLDINGS) becoming effective, Mr. A. A. Shear, chairman of Halford Shear will join Board of Rowden and Mr. K. V. Grob, chairman of Rowden, will join Board of Halford Shear.

Mr. W. S. Wareham, Mr. A. C. Parsons and Mr. P. J. Adams have resigned from the Board of STERLING AND DOLLAR AREAS INVESTMENT TRUST. Mr. W. H. Harrison-Cripps and Mr. P. A. Revell-Smith have joined Board.

Mr. G. R. Hall has been appointed to the Board of the TULKEITH GROUP.

BRITISH LEYLAND has named a new Board of management for the Nuffield Press of Cowley, Oxford: Mr. J. D. Abell, chairman; Mr. J. J. Field, managing director; Mr. A. J. Blake, Mr. E. Heath, Mr. B. J. Smith and Mr. S. Speight, directors. Nuffield Press is a member of the Leyland special products group.

Mr. Alistair MacInnes has been appointed by LIEBHERR as director for Scotland.

Mr. Ronald Bourne has been appointed marketing director, and Mr. Terry Seale store operations director, for CATERERS the food division of Debenhams.

TUC to study jobs crisis and imports

BY JOHN ELLIOTT, LABOUR EDITOR

GOVERNMENT plans for curbing imports and taking action to boost employment are likely to come under close study by the TUC during the next few days at the same time as Left-wing groups try to mobilise militant support over the country's unemployment situation.

An official announcement of the Government's decision to impose selective import controls is expected this week.

To-day, TUC and Labour Party leaders meet at the monthly meeting of the Labour-TUC liaison committee and on Wednesday the regular TUC general council meeting will hear reports on the TUC's recent talks with the Government on the international economic situation, industrial planning, and other issues.

At the same time as this meeting is taking place at TUC headquarters on Wednesday, a rally and lobby of MPs at Westminster organised by Left-wing groups will be assembling in London.

TUC leaders are both at this stage to start embarrassing the Government over unemployment and they are boycotting the rally which was originally set up by the TUC's North-West regional council. This has given Left-wing groups an opportunity to move in to try to embarrass union leaders.

To-day's liaison committee meeting will formally discuss the contents of last week's Queen's Speech, but it may also embrace any Government plans for import controls and other initiatives following the Paris economic summit a week ago.

TUC leaders are looking to the Government to take action, possibly involving some measure of rationing, to boost employment. But this may not be developed this week, because new proposals are to be drawn up by the TUC economic committee next month.

Several union leaders are becoming restive over Government policy and statements, especially those in the public service who fear expenditure cuts and resent Ministerial suggestions that they are over-staffed.

Civil Servants support stage two pay policy

BY OUR LABOUR STAFF

SUPPORT FOR a second stage of the Government's pay policy allowing a combination of flat-rate and percentage pay rises from next August comes from the Institution of Professional Civil Servants to-day.

The IPCS, says in a circular to its 100,000 members—the higher-paid civil servants—that it accepts the present £6 pay limit and will be seeking that from next April.

It urges the members to vote at their conference next year for affiliation to the TUC, which was having increasing influence over national policy.

The IPCS national executive suggests that the next stage of pay policy should lay down a minimum and a maximum pay rise under the lump-sum and percentage formula.

There should be "flexibility" to deal with anomalies, possibly under the supervision of the independent Advisory, Conciliation and Arbitration Service.

More TriStar flights off

A FURTHER 20 British Airways flights from Heathrow Airport, London, to European capitals will be cancelled to-day after the decision by 500 fleet maintenance engineers yesterday to continue their strike over "flexibility" money for working TriStar jets. Twenty-three of the 150 daily flights were cancelled yesterday. The airline said that passengers would continue to be carried on other flights.

BA managers will meet trade union leaders to-day in another attempt to find a solution to the long-running dispute over TriStar work.

Role for pension funds

A GREATER proportion of pension fund money should be devoted to the building up of housing and other social capital, Mr. David Barnett, general secretary of the General and Municipal Workers' Union, said yesterday.

Wrong deployment of such funds in the past had been a major cause of Britain's economic weakness.

Pension funds—which can call on £1,500m. of new money for investment each year—could play a big part in the effective industrial strategy being developed by Government.

Businessman's Diary

Date	Title	Venue
Current	Env. Design at St. Katharine-by-Tower (cl. Jan. 3)	Design Centre, S.W.1
Current	Camping Trades Exhibition (cl. Nov. 28)	Exbn. Centre, Harrogate
Current	Wholesale Buyers' Gift Fair (cl. Nov. 27)	Mount Royal Hotel, W. Grosvenor Hotel, Chest
Nov. 25-27	Antiques Fair	Celanese House, W.1
Nov. 25-27	B.F.F. Fashion Fabrics for 1978	Royal Hort. Halls, S.1
Nov. 25-30	International Ski Show	Olympia
Dec. 1-5	Royal Smithfield Show	Olympia
Dec. 2-6	International Woodworking Industries Exbn.	Alexandra Palace
Dec. 2-7	Custom Car Show	Earls Court
Dec. 5-7	National Exhibition of Cage and Aviary Birds	Olympia
Dec. 5-7	International Boat Show	Earls Court
Jan. 1-11	Camping and Caravan Exhibition	Olympia
Jan. 4-7	Brighton Gift Fair	Metropole Centre

OVERSEAS TRADE FAIRS AND EXHIBITION

Current	International Building Exhibition (cl. Nov. 30)	Paris
Current	Hong Kong Diamond Fortnight (cl. Dec. 4)	Hong Kong
Nov. 27-28	International Furniture Trade Fair	Copenhagen
Nov. 27-28	Swiss Furniture Fair	Basle
Nov. 28-Dec. 7	Investments and New Techniques Exbn.	Geneva
Dec. 1-4	Chemical Industries Exhibition	New York
Dec. 1-5	Int. Ind. Fastener Engineering Exbn.	Brussels
Dec. 2-10	Handling Equipment Exhibition	Paris
Dec. 11-17	International Caravan Show	Amsterdam
Jan. 5-8	Travel and Leather Goods Souvenirs Fair	Utrecht
Jan. 8-9	European Knitwear Exhibition	Milan
Jan. 7-9	Consumer Electronics Show	Chicago

BUSINESS AND MANAGEMENT CONFERENCE

Nov. 25	Aslib: Energy, Transport and Planning	Burlington House, W.1
Nov. 25	Inst. of Works Managers: Industrial Safety	Norfolk Gdns. Htl., Br
Nov. 25	Man. Studies: Capital Transfer Tax & Private Bus.	Royal Garden Hotel, W
Nov. 25	Computer Job Analysis	Imperial Hotel, W.C.1
Nov. 25-26	Computer Power: Operations Supervision	Cannock, Staffs.
Nov. 26	Staniland Hall: Replacement Cost Accounting	London Hilton, W.1
Nov. 26-27	Rudi. Weissweiler: Industrial Planning	Portman Hotel, W.1
Nov. 27	Long Range Planning Soc.: Economic Forecasting	The Royal Society, S.W
Nov. 28	Inv. Bulletin: Here Comes To-morrow, Part I	Royal Garden Hotel, W
Nov. 30-Dec. 5	Bradford University: Industrial Marketing	Emm Lane, Bradford
Dec. 1-2	Financial Times: Berlingske Tidende, Helsingin	
Dec. 1-3	Sanomat, Norwegian Journal of Commerce and Shipping, and Svenska Dagbladet: The Private Sector in To-morrow's Economy	
Dec. 1-5	Bradford Univ.: Corporate Planning in Practice	Heaton Mount, Bradford
Dec. 3	Innovation/AFI: Problems of State Remuneration	Financial Times Cinem
Dec. 3-4	Inst. of Work Study: Man. Services in Textiles	Novotel, Bradford
Dec. 3-4	Financial Times: Third World Insurance Conference	Royal Lancaster Hotel
Dec. 3-4	IPC: Employment Law in Printing and Publishing	
Dec. 4	Microfilm Assn. 7th Annual Seminar	Regent Centre Hotel, W
Dec. 4-5	BACIE Nat. Conf.: Trends in Training	City University, E.C.1
Dec. 4-5	SDM: Legal Protection for Employees	Grand Hotel, Eastbourn
Dec. 4	Financial Times: Aviation in Asia	Management House, W
Dec. 5	Inv. Bulletin: Here Comes To-morrow, Part II	Hong Kong
Dec. 5-7	Founding Your Own Business	Royal Garden Hotel, W
Dec. 7-12	IPM: The Management Development Process	Manchester Bus. School
Dec. 7-12	W. D. Scott: Effective Office Management	Clive Hotel, N.W.3
Dec. 8-9	Financial Times: Stabilising Commodity Prices	Moor Hall, Cookham, B
Dec. 8-12	Tark Organisation: Effective Leadership	Kuala Lumpur
Dec. 8-12	ABRAXAS: Basic Synectics Course	London S.W.1
Dec. 8	Inst. Admin. Man.: Telephone Supervisors	Richmond Hill Hotel
Dec. 8-11	Inst. Int. Auditors: Internal Auditing	Bloomsbury Ctr. Htl.,
Dec. 9-12	Urwick Centre: Man. Information Systems	South Bank Poly, S.E.1
Dec. 10	Hull C.C.: Development Opportunities in Hull	Slough
Dec. 10-11	Assn. Cert. Accnts.: Cash Flow and Liquidity	Connaught Rooms, W.C
Dec. 12-13	Market Imp. Man.: Marketing Function	Hotel Russell, W.C.1
Dec. 14-19	Coverdale Org.: Prep. Conf. for Middle Man.	7 Kendall Place, W.1
Dec. 15	Inst. Marketing: New Product Development	Brookhurst, Hants.
Dec. 15-19	P.E. Cons. Gp.: Fin. for Non-Fin. Managers	Scottish Bus. Sch., Glas
Dec. 16	Henley Centre: Exchange Rate Movements in 1978	Training Centre, Egham
Dec. 16	Invest. and Prop. Studies: Taxation of Trustees	Carlton Tower, S.W.1
Dec. 17	BACIE: Youth Employment and Training	Royal Lancaster Hotel
Dec. 18	Euro. Study Conf.: Practical Trust Planning	Hilton Hotel, W.1

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PARIS

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NOW OPEN. The new Istanbul-Sheraton is in Taksim Park, right in the heart of this exciting city... with fine restaurants, a night club, and glorious views of the Bosphorus, Marmara, and the Golden Horn.

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هناك امل لا

200 years ago it was very hard to find the money to buy a house. Today it's a little easier.

We all have a tendency to look over our shoulder at some mythical golden age when the air wasn't polluted and the rivers sparkled.

A time when contented country folk sat outside their whitewashed cottages with jugs of home-brewed ale.

And in the towns, dignified work people lived in neat back to backs with pumiced doorsteps and shining brass knockers.

But the truth is that a couple of centuries ago British working people, with very few exceptions, lived in squalor.

And living conditions were getting worse rather than better.

The chances of a working man getting the money together to buy a house were virtually non-existent.

Workers realised that the only way they could achieve any improvement in their situation was by clubbing together to help one another.

They formed sick clubs, burial clubs and friendly societies.

And in 1775 the first recorded meeting of a building society was held at the Golden Cross Inn, Birmingham.

In those days, people who wanted to buy a house joined the society and agreed to pay in a fixed sum every month until all the members of the society had been housed. Then the society was dissolved. (This type of building society is known as a terminating society.)

First, the society would accumulate enough money to buy a piece of land. And

then they would get enough to build the first house. And then the second. And so on.

Houses were allocated to the members by ballot, as a rule. But sometimes the right was auctioned among the members.

Then the idea of borrowing money from people who had it to invest but didn't need a house came into operation.

Naturally the society had to offer them interest, and thus had to charge interest to borrowing members, so that they could pay the interest to the investors.

And so the modern building society evolved about the middle of the nineteenth century.

Since then, our growth has been phenomenal.

Today 53% of the homes in this country are owned by the people who are living in them, and 4 out of 5 of the home loans granted in 1974 were provided by building societies.

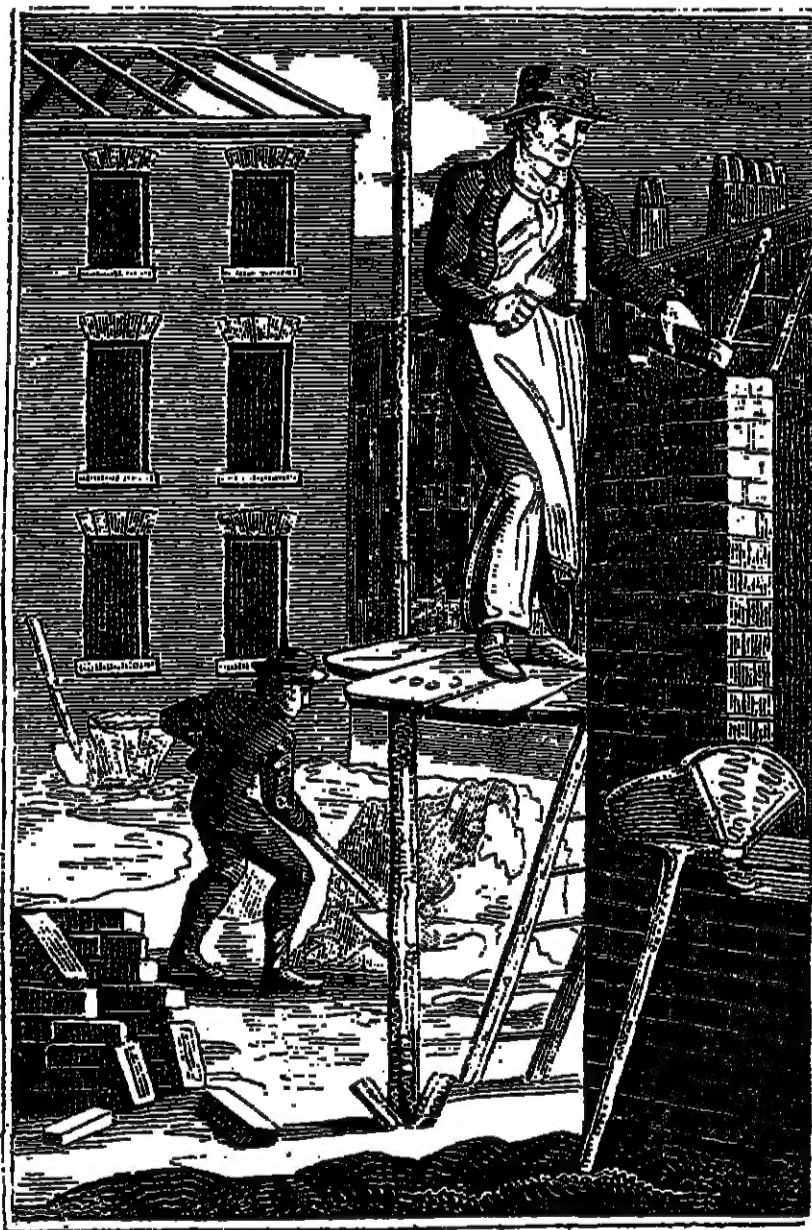
The future could be even better. All the research evidence to hand shows that an overwhelming proportion of the population of Britain want to own their own homes.

And we exist to help the maximum possible number of people achieve this ambition.

The limiting factor is the amount of money we can attract from investors.

So if you think you'll want to buy a house one day, start saving with a building society today.

The Building Societies.



consider:

The Industrial Bank of Japan

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- ✓ US\$24 billion in assets
- ✓ Japan's oldest and largest long-term financing institution
- ✓ In-depth expertise in providing advisory and research services to industry
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 New York Branch: 100 Broadway, New York, NY 10038, USA, Phone 212-661-1000.
 Subsidiaries: IBI International Limited, Bucklebury House, 3 Queen Victoria Street, London EC4N 8HR, United Kingdom, Phone 236-2788.
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Are they receiving us?

Make sure your overseas offices are receiving daily reports on the British and world-wide business scene.

Arrange for them to have the Financial Times regularly.

Not only will they be as well-informed as you are, but you'll also find it's considerably cheaper than sending telexes.

In these competitive times every business needs the Financial Times - everywhere

FT GROCERY PRICE INDEX: 194.78

Extra 1½p a pint on milk starts another big food price jump

BY ELINOR GOODMAN

FOOD prices showed another big rise this month, largely as a result of the extra 1½p on a pint of milk allowed by the Government at the beginning of this month. The FT Grocery Prices Index rose by 4.89 points to reach 194.78. This is its largest monthly increase since June and the index now stands 24.5 per cent. above last November's level.

The dairy category alone rose by more than 10 per cent. this month. As well as the milk price rise, which would have put about 1.25p on the index even if nothing else had gone up, butter was costing at least 1p a pound more than last month and the price of cheese also increased. Eggs, which are also included in the dairy category, recovered from the low levels last month and were selling for between 1p and 3p a dozen more.

Apart from the prices in the dairy sector, and fruit and vegetables, which are influenced by seasonal factors, most other categories stayed fairly stable, with price rises on some products largely offset by proportional price cuts on others. The bill for sugar and beverages, for example, rose by only 13p, with price increases on some brands of tea being balanced by further reductions on sugar.

The lower cost of sugar to manufacturers helped to bring a small reduction in the prices of flour-based goods. Many of the

leading brands of sweet biscuits were costing a penny less than last month. Next month, however, the bread category is likely to show another big rise with an increase of at least 1p — and possibly 1½p if the Government decides to reduce the subsidy — planned for December 1.

The impact of lower sugar prices to manufacturers was also evident in the preserves and dry groceries section. Unfortunately, however, the price cuts on jams were more than offset by big rises on instant potatoes. This year's poor potato crop, which led to such high prices for fresh potatoes in the summer, is now hitting the processors and instant potato was costing at least 1½p more than last month in most shops.

Higher potato prices also took their toll on the frozen section, where frozen chips were costing about 3p more than in October. Pile of fillets were also showing price rises of between 2p and 3p a packet. Not surprisingly, dearer potatoes also contributed to the increase in fruit and vegetable bills, costing between 1p and 5p more than last month. The biggest increases, however, in this category, were on tomatoes which were up by between 3p and 7p a pound.

Eating apples were also showing increases of between 3p and 4p a pound, but traditional

winter vegetables such as carrots further rise this month, as do cabbage and leeks. As a result of more expensive lamb, and the non-food group showed a small drop, while lettuces were cost-cutting about 1p less than last month. The meat bill showed a deterring.

FINANCIAL TIMES SHOPPING BASKET

	November	October
Dairy Produce	105.18	94.0
Sugar, Tea, Coffee, Soft Drinks	45.32	45.1
Bread, Flour, Cereals	62.51	62.5
Preserves and Dry Groceries	11.25	11.2
Sauces and Pickles	11.42	11.2
Canned Goods	38.12	37.9
Frozen Foods	30.64	30.2
Meat, Bacon, etc. (fresh)	138.16	137.1
Fruit and Vegetables	79.27	77.9
Non-Foods	44.39	44.4
Total	576.29	550.9

INDEX

1971: Feb. 100; Mar. 101.09; April 102.73; May 105.75; June 110.74; July 107.24; Aug. 105.40; Sept. 105.26; Oct. 104.35; Nov. 103.24.
 1972: Jan. 109.18; Feb. 109.10; Mar. 109.24; April 108.04; May 111.57; June 111.97; July 111.97; Aug. 113.40; Sept. 112.14; Oct. 111.48; Nov. 114.48; Dec. 114.72; Jan. 114.72; Feb. 115.77.
 1973: Jan. 117.56; Feb. 119.25; Mar. 120.53; April 123.80; May 128.81; June 127.44; July 126.59; Sept. 129.39; Oct. 135.83; Nov. 138.24.
 1974: Jan. 141.41; Feb. 141.52; Mar. 142.64; April 143.23; May 142.64; June 145.17; July 147.97; Aug. 146.22; Sept. 145.25; Oct. 150.5; Nov. 156.39; Dec. 159.15.
 1975: Jan. 162.84; Feb. 167.77; Mar. 173.50; April 178.39; May 193.02; June 188.45; July 189.23; Sept. 186.44; Oct. 194.78.

The index is based on the prices paid by 11 shoppers at the country. The shopping, which was done in supermarkets independent grocers, was carried out last Tuesday.

CONSUMER CONFIDENCE

'Best time to buy durables since Budget'

THE PUBLIC'S confidence about the future showed a marked improvement this month, according to the latest monthly survey of financial expectations, writes Elinor Goodman.

There was little change in the relative proportion of people feeling better off compared to a year ago, but a higher proportion of the professional and managerial men interviewed said now was a better time to buy consumer durables than at any time since the Budget.

Looked at over the longer term, it is possible to see a definite upward trend in consumer confidence, indicating a revival in the market for consumer durables some time towards the middle of next year.

Against this, however, the six-month index for "past prosperity," which probably gives a more reliable guide to spending in the immediate future, has shown little change since the summer, with the proportion of people feeling worse off compared to a year ago, as opposed to those feeling better off, remaining at about the same level.

Through pessimists outweighed optimists among all adults this month by 17 per cent., this is a big improvement on last month, when those expecting conditions to worsen in 12 months out-

weighed by 26 per cent. those thinking things would get better. The recovery in confidence was particularly marked among ABC 1 men where the balance of pessimists had come down from 33 per cent. last month to 18 per cent. this month.

The least pessimistic group, however, were men in manual jobs. Only 7 per cent. more C2DE men expected things to get worse than those who expected the situation to improve.

This month's upturn in confidence helped improve the six-month moving average for confidence, on which the index is based, from -25 per cent. for all adults last month to -21.5 per cent. this month.

The six-month index for ABC 1 men improved from -24.3 per cent. in October to -20.16 per cent. in November. This means that both the indices for consumer confidence are now standing at their highest point this year.

Whereas in January, the six-month moving average for all adults showed that 31 per cent. more people expected things to get worse, rather than better, now the balance of pessimists is down to 21.5 per cent.

The main causes for pessimism were "rising prices," as usual, followed by unemploy-

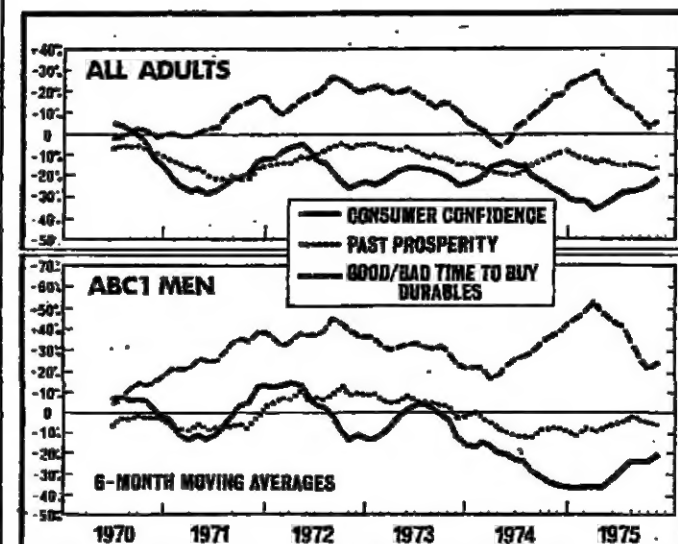
ment and short-time working. In July, unemployment was mentioned spontaneously by only 4 per cent. of the respondents. October. The six-month figure is mentioned by 15 per cent. of the pessimists. The ABC 1 men fell from -4.8 per cent. last month to -5.5 per cent.

The proportion of all adults thinking it was a good time to buy consumer durables showed little change on October, with "under control" (9 per cent.), per cent. more respondents saying it was a good time to do than those who thought it not.

Opinion among the volatile ABC 1 men, however, moved sharply from +26 per cent. to +37 per cent. The six-month moving average has dropped off the series. For all adults, the month index now stands at +4 per cent. and for ABC 1 men +24.3 per cent.

Nineteen per cent. of all adults felt worse off this month compared to a year ago, as unemployment remained at against 20 per cent. last month, very high level, they were slightly down on October. This felt poorer as against 8 per cent. last month.

The six-month moving average increase than those who thought for "past prosperity" for all it would not.



The consumer confidence line charts the percentage balance of respondents expecting conditions to improve in the next 12 months over those expecting them to worsen.

Past prosperity is the percentage balance of people saying that their families are better off than they were 12 months ago over the balance saying they are worse off.

The durable line charts the percentage of those surveyed who think the present moment is a good one for buying consumer durables over those who think it is a bad time to buy.

© Copyright BMRE Financial Times. Full survey from BMRE.

Restaurant insurance plan launched

BY ERIC SHORT

AN INSURANCE plan which would provide compensation for restaurant customers who become victims of terrorist attacks has been introduced by Lowndes Lambert, the insurance broker, member of the Hill Samuel Group, in collaboration with the Restaurateurs Association.

The plan provides for a restaurant owner to insure his customers and staff for a capital sum benefit of £25,000 a person in the event of fatal injury or permanent disablement resulting from terrorist attacks. The premium would amount to 5p a seat a day for each restaurant and the minimum period of cover is one month.

The plan can be extended to provide cover up to £100,000, and clothing and other personal effects can be included. The scheme is being placed with Lloyd's underwriters and owners can secure immediate cover by telephoning Lowndes Lambert.

The benefits payable under the scheme will in no way affect any personal insurances which

The irony of being a charity is that you depend on charity to survive. Barnardo's is Britain's largest child care charity. That means our 7000 children rely on the charity of people just like you. Out of every £1 donated, at least 82p is spent entirely on helping these children.

There are all kinds of Barnardo's children. Some are handicapped, some are deprived. A few are orphaned, many simply deserted. The one thing they all have in common when they come to us is a desperate need for somebody to do something for them.

Unfortunately, we find ourselves in much the same position. Without continuous charitable acts by you, and people like you, we cannot go on feeding, clothing and educating our children. We cannot go on running Dr. Barnardo's schools, homes and Day Care centres. Or finding foster homes. Or struggling to keep families together.

We desperately need a donation from you. Even better is a Deed of Covenant because we can recover tax already paid. Or maybe you'd prefer to join a local fund raising group?

Only if you help can we go on giving hope to our children. However much, or little, you can afford, surely 7000 young lives are worth something?

We can't give unless you do.

Barnardo's
 Britain's largest child care charity.

I enclose a donation of £1 ☐ £2 ☐ £5 ☐ £10 ☐ £20 ☐ £.....
 I would like to know more about Wills/Covenants. ☐
 I would like to know how I can help Barnardo's. ☐ (tick box)
 (Make cheque/PO payable to Dr. Barnardo's.)

NAME.....
 ADDRESS.....
 Post to: Dr. Barnardo's, Dept. W1178
 Barkingside, Ilford, Essex IG6 1QG.

CORRECTION

PHILIP HILL (MANAGEMENT) LTD. wish to make the following corrections to their entry in the table which appeared on Page 27 of this newspaper on Friday, 21st November, 1975.

INVESTMENT TRUST COMPANIES

	Net Asset Value after deducting prior charges at nominal value (6)
City & International Trust Ordinary 25p	x 89.9
General Consolidated Investment Trust Ordinary 25p	x 75.8
Philip Hill Investment Trust Ordinary 25p	x165.1

WOULD BRITISH INDUSTRY BE HEALTHIER TAKING MONEY OUT OF THE BANK, NOT PUTTING IT IN?

The TUC and CBI seem to think so. Repeatedly they've issued warnings about under-investment. Their fear is that when the recovery of world trade that we've been hoping and praying for arrives, Britain will be in no shape to take advantage of it.

The Bank of England's of the same opinion. And in its circular earlier this year asked Banks to:

"...direct advances towards the expansion of exports, the saving of imports and industrial investments."

This doesn't mean that we at Barclays are going to hand out money to everyone who comes knocking on our door.

The country won't get anywhere by throwing good money after bad.

We must pin our hopes and hard cash on successful but under-invested firms.

We must put them in a position where they can win home markets; sell against other countries on world markets; compete with the French, Germans and Americans for overseas contracts.

Understandably, before parting with large sums of money, we'll need to ask a few questions of even the most successful firms.

We'll want to talk about your plans for the future, as well as getting a feel of the way you do business.

If you've been making full use of our banking services, we'll already have a good idea of your cash and tax position. All of which will pinpoint the kind of backing you need.

For instance, a Medium Term Loan for capital investment can be drawn in different ways.

Whereas one company would prefer it as a lump sum, another would rather draw it in instalments.

(By the way, despite the name, a Medium Term Loan can last as long as 10 years.)

For a third company, the bank's leasing facilities may be more attractive than a loan. Working capital is released and there are often tax advantages.

With all these schemes the terms of repayment can be constant, or vary season to season, year to year to suit your cash flow.

Sometimes payments can be suspended until you are benefiting fully from the investment. And in certain cases, you can repay the entire loan at the end of the period.

If you sell abroad, we can be of still more help.

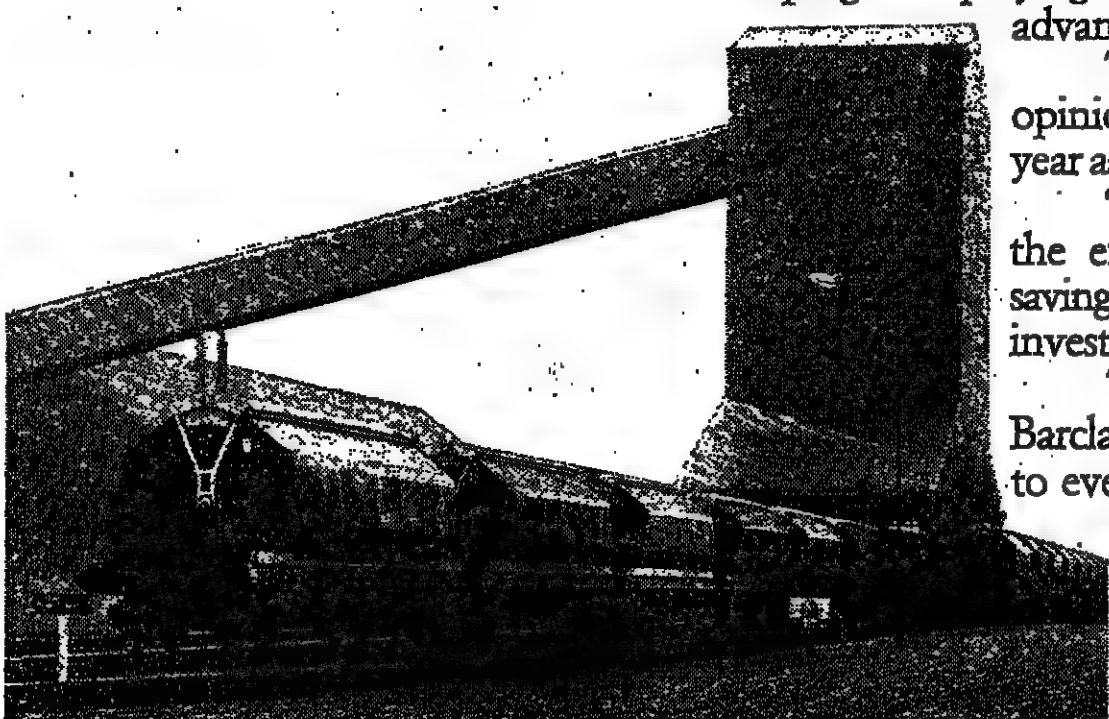
To encourage foreign customers to place orders with you, we can provide them with a loan through Barclays Bank International. It's a useful way to expand established markets quite apart from opening up new ones.

Having done that, we can often protect you against exchange rate fluctuations by selling foreign currency for you in advance.

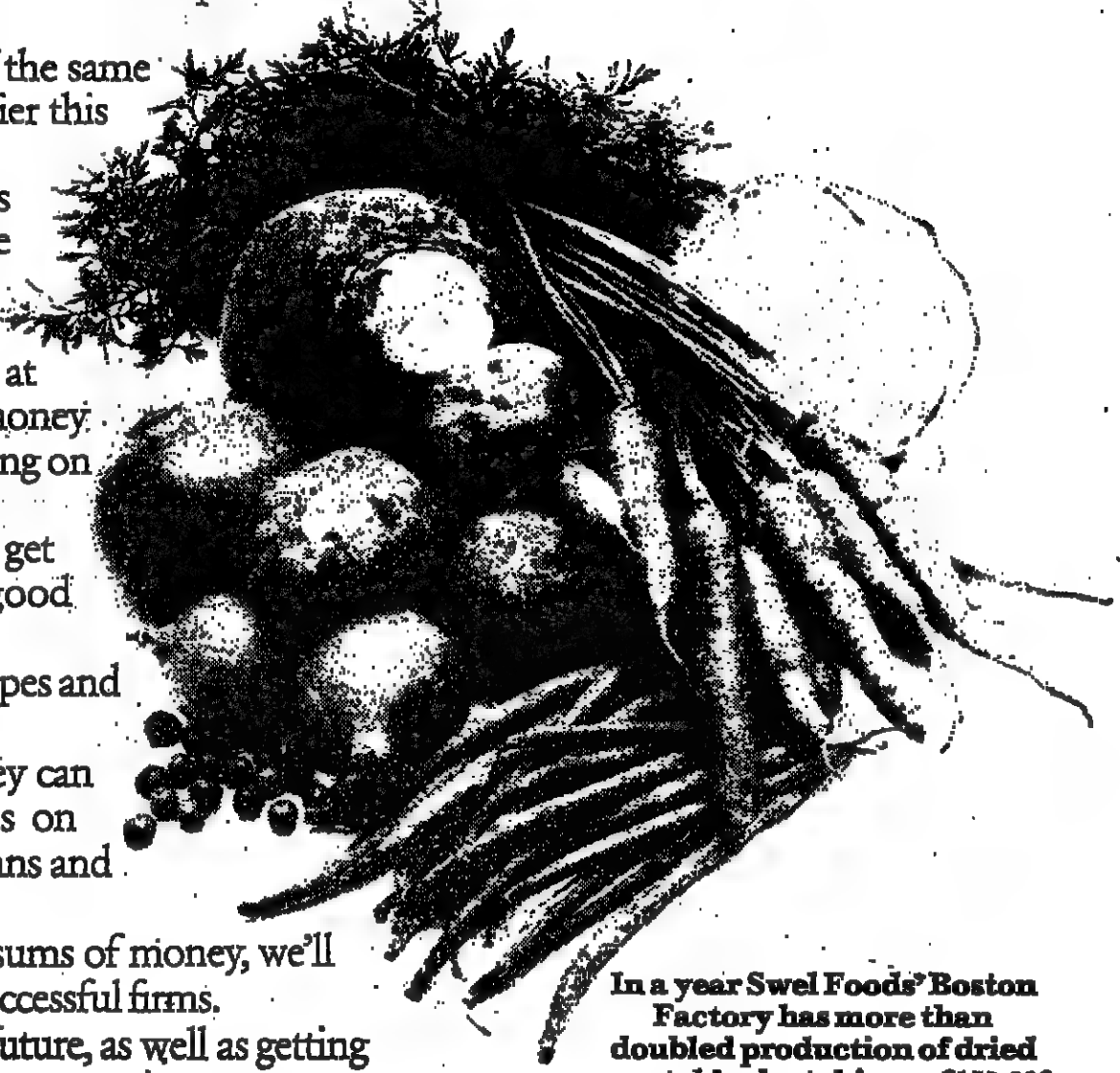
We provide this protection for companies that buy abroad as well. Whether they import finished goods or raw materials.

But no matter what backing or help is needed, the first step is always the same.

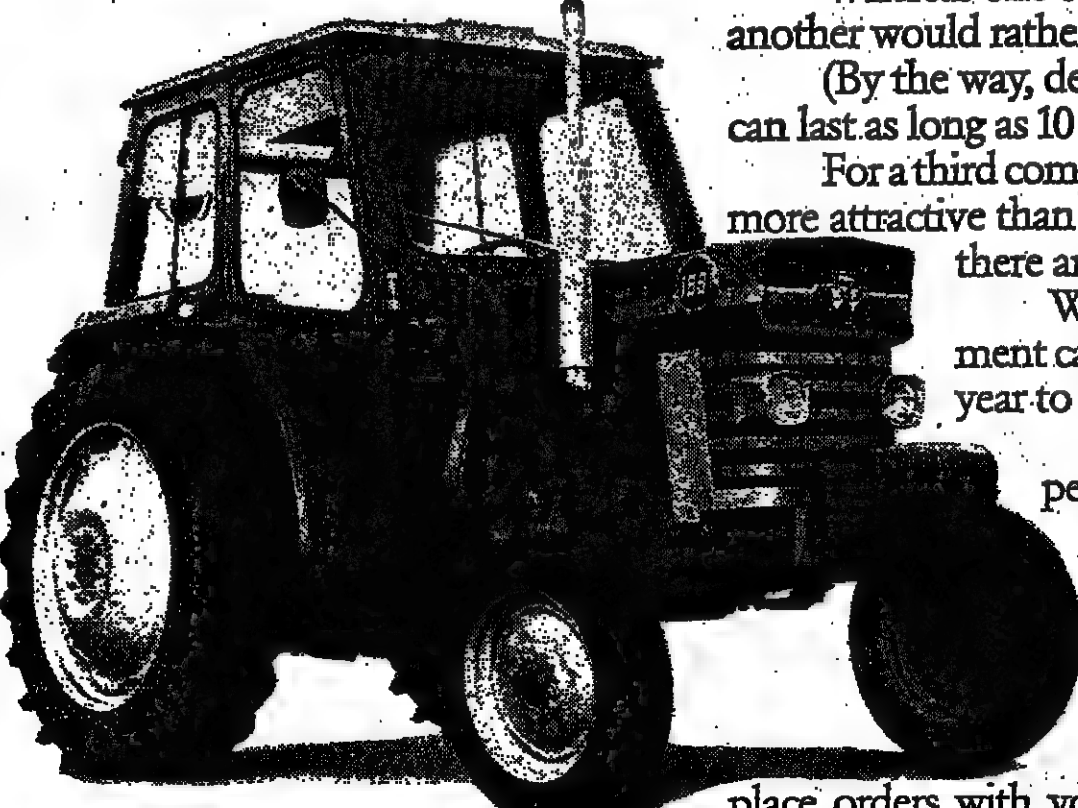
Arrange a meeting with your local Barclays Bank Manager. He knows there's truth in the old adage; it takes money to make money.



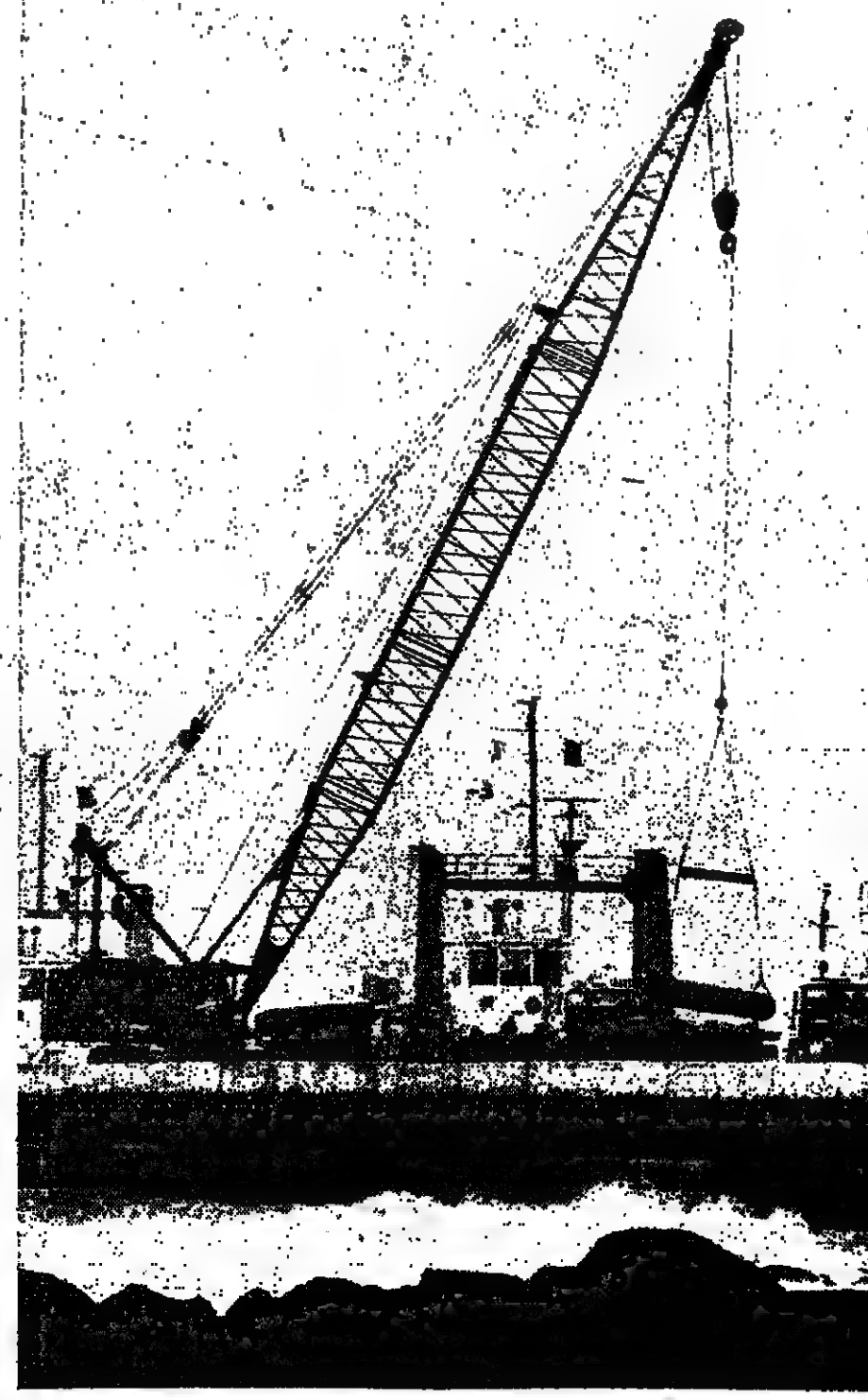
An £18 million Medium Term Loan to Cleveland Potash will help turn Britain into a net exporter of potash.



In a year Swel Foods' Boston Factory has more than doubled production of dried vegetables by taking a £150,000 Medium Term Loan over 5 years for a new drier.

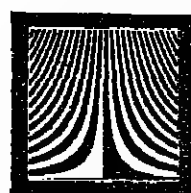


Massey Ferguson Perkins Ltd, has gained a £170 million contract. The Polish buyer was helped by Barclays with sterling and currency syndicated loans, repayable over several years.



B.O.C. International is leasing a new £220,000 crane for 7 years through Barclays Bank. Oil pipe and heavy goods handling efficiency has increased by 30%.

BARCLAYS



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RADIO & TELEVISION

The stars will look down

BY THE early eighties, if all goes well and the necessary agreements are quickly reached between interested European countries, a first high quality colour TV satellite could be in operation radiating two programmes directly to domestic receivers equipped with relatively small antennas.

European Space Agency has placed a £83,000 contract for the study of the spacecraft element of a broadcasting system such as this and under the contract, Marconi Space and Defence Systems is leading a European contractors' team.

A number of designs for the payload are being considered

under the primary ESA requirement which is, in the first instance, for a synchronous satellite able to carry at least two TV programmes and able to serve an area corresponding roughly in size to, say, Belgium.

This type of payload poses certain problems related to the high on-board and radiated power requirement. A typical arrangement would need some 2kW of prime power to drive all the equipment, probably derived from solar panels rather than a nuclear capsule based on radioisotopes. Special techniques are needed to control thermal dissipation and protect

the equipment against solar differential heating.

Developments in high power travelling wave tubes in Europe are advanced enough to permit satisfactory operation at 1kW in the allocated frequency band of 11.7 to 12.5 GHz.

In parallel, studies of the required domestic receivers are in progress and because the radiated power of the satellite is so high these could work with a mass-produced antenna 2½ feet across, feeding into amplifying and conversion circuits compatible with existing receiver techniques.

Marconi House, Chelmsford, CM1 1PL (0245 53221).

SECURITY

Mirror can withstand attack

TWO-WAY mirrors with bandit-proof reflective glass are available from Volumatic of Coventry, as an addition to its range of two-way security mirrors.

For installations in locations where undetected surveillance is required combined with protection from criminal attack, the mirrors will resist repeated blows from heavy weapons without shattering. Intended for application where glazing could be required to withstand repeated impact from heavy weapons such as pick-axes, crowbars, and bricks, the mirrors should be welcome in banks, building societies, or areas in retail stores, offices or garages where cash is handled.

Anti-bandit reflective glass finish is available with the company's Clearview range of two-way mirrors. These have the appearance of an ordinary mirror on the reflective side and so allow undetected observation from the viewing side. Maximum size is 3,440 mm by 1,600 mm and the mirrors can be used in temperatures ranging from -20 degrees C to 70 degrees C.

Volumatic, Taurus House, Kingsfield Road, Coventry CV5 8AS.

Emergency door lock

A FOUR-point lock for the protection of emergency doors in high security risk premises such as banks, post office and supermarkets has been put on the market by Warsaw Safety and Security, 1 Westgate Street, London E8 3BR (01-988 6821).

Called Secure-X-it, it consists of four locking bolts which locate in the top, bottom and both sides of the door frame to give maximum security. Operation is from a centre control box on the door which has a hardened steel back to prevent outside drilling.

When set, the door can only be opened by striking the green operating knob; this releases the four bolts and breaks the indicator glass from within to reveal a bright red area indicating that the device has been operated.

HANDBOOKS

Efficient use of energy

IMPRESSIVE for its size, 602 pages, and its cost, £30, "The Efficient Use of Energy" has been published by IPC Science and Technology Press in collaboration with the Institute of Fuel acting on behalf of the Department of Energy.

The publisher expects the principal readers will be the engineers and managers who choose and operate plant, and plan the use of their companies' resources.

It is suggested that as a book intended not only for the U.K., but also for use throughout the world, especially in developing countries, there is perhaps a certain lack of attention to alternative energy sources, such as solar, wind and geothermal power, and to some of the latest developments in instrumentation and technology.

With over sixty contributors, almost every aspect of energy has been covered. There is detailed practical information on the production of heat (gas, oil, coal, electricity); on the use of heat (furnaces, process heating, boiler plant); on the production of mechanical and electrical energy; on total energy systems and heat salvage; on materials, instrumentation and control; and on environmental aspects.

They are automatically released in batches into a cradle. The latter then rotates 90 degrees, laying the loads horizontally on to the pallets.

If suitable, some goods can be stacked on pallets several decks high, says Lodematic, which has its headquarters at Primrose, Clitheroe, Lancs, BB7 1BS (0200 22233).

Incoming loads arriving on a single filling or loading track may be automatically marshalled and diverted on to twin or multiple-lane tracks for auto-release in pre-determined numbers for each deck.

HANDLING

Multi-deck palletiser for drums

SOON to be put on the market by the Lodematic Group is equipment for placing heavy drums or cased goods on pallets in a single operation.

Items being handled are delivered to the machine on gravity roller conveyors from which

Europe). The ring main is zoned, and the processor ensures that the zones in front and behind that occupied by the carrier are clear (somewhat like a railway signalling system), enabling a number of carriers to travel simultaneously. The position of the carriers is shown on a mimic diagram on the processor console.

The processor enables the system to handle six to 12 times the traffic which can be transported by the nearest competitive system, says the maker, Dialled Despatches, Harbour Road, Gosport, Hants, PO12 1BC (07017 87311). The company designed and built the processor, which, among other control functions, ensures that the system is almost foolproof.

To save energy, the system's air-blower functions only when

carriers are despatched. At slack periods, a timer shuts off the blower motor.

Carriers are of nylon with spring-clip ends and will take about 400 computer punched cards, or a 2-inch thick pile of A4 documents. Payload can be up to 1 kg. Travel speed is about 20 mph, and the airblow is 4.5 inches diameter, made of untempered pvc. Maximum ring main capacity is 128 stations, but this can be increased by using an interchange link into another ring main.

Where very heavy traffic might be expected, the smallest system that would be economic would have five stations, about 1,000 feet of tube, and cost around £10,000. A more usual installation would be one with ten stations costing £20/25,000.

The 1976 Nottingham conference has already attracted 55 papers from 15 countries, will provide a unique opportunity for delegates to see how industrial robots are being used profitably and creatively in manufacturing industries.

At the exhibition which runs concurrently with the conference, leading manufacturers from the U.K., Sweden, Norway, France, Italy and the U.S. already booked space and set of the robots on display will be shown for the first time in U.K.

International Fluidics Services, Bedford MK 43 (0234) 720478.

As a book intended not only for the U.K., but also for use throughout the world, especially in developing countries, there is perhaps a certain lack of attention to alternative energy sources, such as solar, wind and geothermal power, and to some of the latest developments in instrumentation and technology.

Faced with practical problems in specific fields, an engineer searching for answers may not be willing to buy a £30 book when he only needs a small section, but the publisher plans to publish the book in more manageable sections.

Copies from IPC, 32, High Street, Guildford, Surrey GU1 3EW (0483 71861).

The machines are hydraulically operated, with hydraulic cushioning of incoming loads where required. Electro-hydraulic, hydraulic or pneumatic systems are offered with manual, semi-automatic or automatic control.

Loads may be palletised either to the side or at the end of the incoming track, and when palletised may be automatically lowered from incoming track level to floor level where service by hand-pallet trucks is required. In reverse, the machine may be used for removing goods from pallets.

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International Fluidics Services, Bedford MK 43 (0234) 720478.

The subject of robot technology is now becoming seated around the mystique which has surrounded it in the developmental period. Too many have expected that first generation industrial robots, but uses and areas of application are now emerging. The element of this conference convey this to the uninitiate.

The theme "remove the dirty job" resonates in the minds of many, and in the immediate future is the theme which is likely to promote the most striking changes in the application of technology.

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International Fluidics Services, Bedford MK 43 (0234) 720478.

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DATA PROCESSING

Serves many users from microfilm

INABILITY to provide multi-access facilities in microfilm retrieval and the difficulties involved with updating microfilm to make it a method of storing information with up-to-the-minute additions has often been regarded as a most important problem to be overcome if more potential users are to be attracted to this method of storage and retrieval.

Ability to offer both these facilities is claimed by Stabletron of Titchfield Common, Hampshire with Datavision, a new system concept, developed in Europe, which will permit up to 64 displays to be plugged into the controller, so that the old problem of only one person being able to access one piece of information at one time can be eliminated.

This makes Datavision attractive for large-scale users of film and fiche, such as insurance companies, banks, Government departments and other organisations with large stores of archival information, because of the speed and cost-saving it will provide.

Stabletron is working in close collaboration with a German organisation, System Service GmbH of Munich who are producing some application packages to suit local requirements.

Datavision permits many users to make rapid interrogation of information in the same microfilm store. Each user of the system uses a display terminal incorporating its own keyboard unit. The keyboard is used to communicate with the Datavision controller, and the required information is displayed on TV-compatible 625-line video monitors within the Dante display. Two independent monitors can be included to enable documents aimed in horizontal or vertical mode to be read with complete ease.

The controller has two main functions. It receives requests from user terminals and issues the necessary instructions to the microfilm store to permit the correct information to be displayed on the relevant terminal.

System 3s. These will be replaced in the first quarter of next year by the PDP 11s currently processing the rest of the system.

The foreign exchange system has now been installed and is running live in London and Frankfurt. Systems in Brussels and Paris are currently being installed. The Milan and Zurich branches will follow early in the first half of the new year. Once the initial systems have been established in each centre, they will be linked together to provide a flexible and powerful service for all the bank's European operations.

Arbat is at 147/148 Leadenhall Street, London EC3V 4PL (01-388 3801).

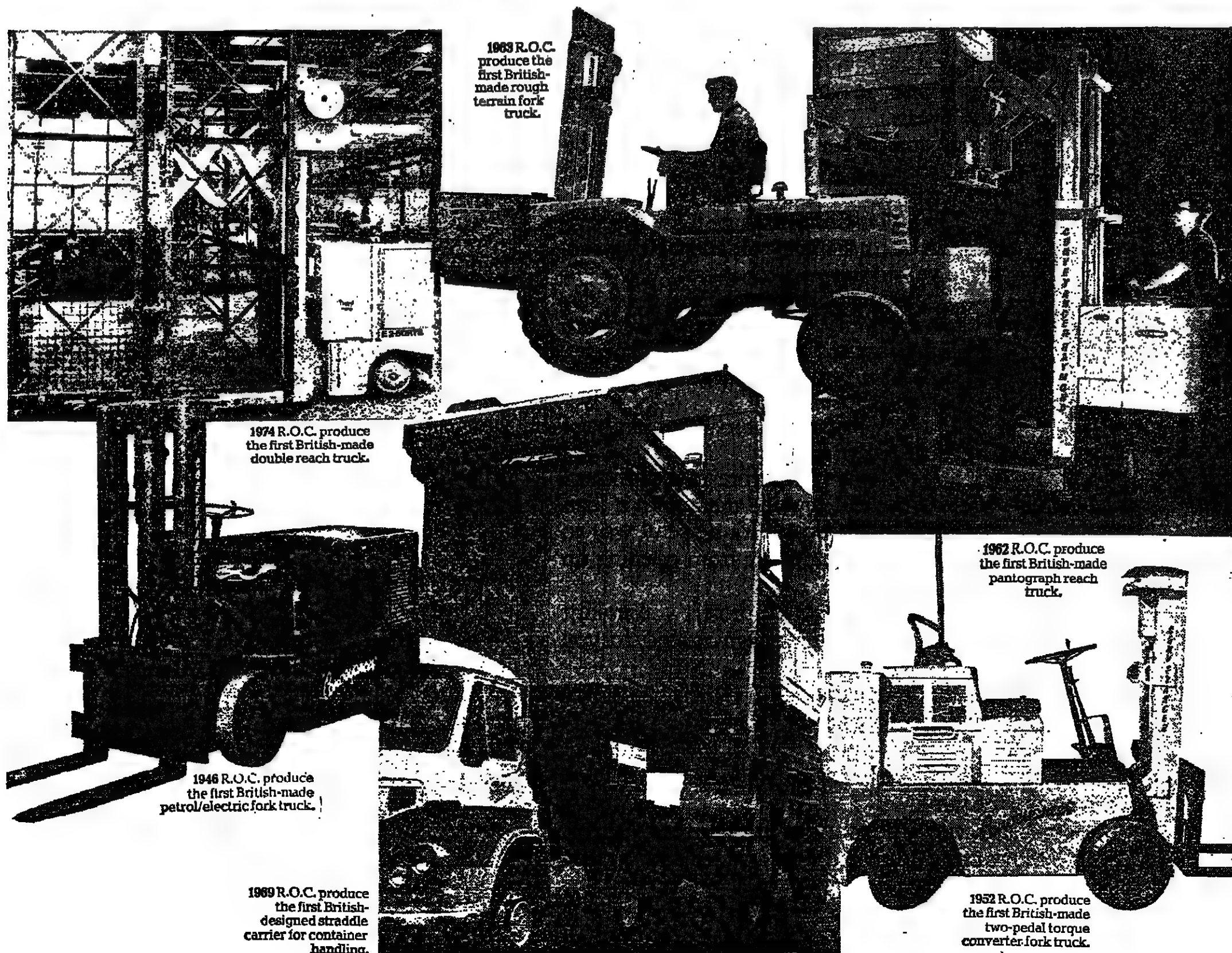
The commercial work is currently processed on two IBM

Chemical goes over to Arbat

FOLLOWING the completion of the first phase of the Chemical Bank of New York's European computer network in less than six months the Bank has extended the initial contract with Arbat to include all commercial banking activities as well as foreign exchange and loans and deposits applications.

The commercial work is currently processed on two IBM

We may not be the first fork truck company you think of, but we're often first in other ways.



We're not the biggest fork truck company in Britain. We're the second biggest. So it may surprise you to learn just how many times over the last 27 years that we've led the field.

This is what Rubery Owen Conveyancer have achieved.

1946 R.O.C. produce the first British-made petrol/electric forklift truck.

1952 R.O.C. produce the first British-made two-pedal torque converter forklift truck.

1962 R.O.C. produce the first British-made pantograph reach truck.

1963 R.O.C. produce the first British-made rough terrain forklift truck.

1969 R.O.C. produce the first British-designed straddle carrier for container handling.

1974 R.O.C. produce the first British-made double reach truck.

All of which, we think you'll agree, is sufficient reason to check us out before making any purchase in the mechanical handling field. After all, if you don't, you might be missing something.

In addition to our enterprise we can also claim to be one of the longest-established British mechanical handling companies, having originated in 1947.

And we can offer probably the widest range of mechanical handling equipment in the country; anything from a 2,000 lb Conveyancer fork truck to a giant 40-ton Kardilift mobile gantry crane.

A further strength is that we're part of the biggest privately owned commercial group in Britain, Rubery Owen Holdings Limited.

As you may already know, member companies of the Rubery Owen Group produce a wide variety of products, ranging from kitchen furniture to lorry chassis, some 12,000 different items in all.

They employ some 15,000 people to do so. And, obviously, this lends us an unrivalled wealth of practical experience in the mechanical handling field, as well as considerable financial backing.

So before you commit yourself to any new mechanical handling venture, please call us in.

No other company offers such a wide range.

And no other company offers such a wide experience of mechanical handling.

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EO. Box 24, Thornton Road, Warrington, WA5 1QT. Tel: 0925 35322 Telex: 62375.

Building and Civil Engineering

10m. harbour contract Saudi Arabia

MINISTRY of Commu. of Saudi Arabia has awarded a £310m. contract to a venture of HAM, an engineering company of the Helix Group, N.V., of Rijkswijk, Holland, and Dredging International, of Antwerp, Belgium, for construction of a new harbour and entrance channel for the port of Dammam. The contract includes the dredging of about 45m. cubic metres of material, most of which will be placed in reclamation to form the harbour working areas. Also included is a three-kilometre breakwater, which will be constructed under sub-contract.

£1.8m. flats and houses

CONTRACTS worth over £1.8m. have been placed with Shepherd Construction. The largest is for the construction of Oldham Metropolitan Borough Council of 130 dwellings in the Egerton Street development scheme. This is worth about £1m.

Bovis gets first job in Iran

TWO MONTHS after opening an office in Tehran, Bovis Construction has been awarded its first Iranian contract.

Grants for students

THE GOVERNMENT is to make grants available to employers of architectural students in their first year of practical training in the private sector, including nationalised industries, who, without such financial assistance, would be unable to provide practical training opportunities.

Moulds can be kept at bay

SEVEN out of ten houses and flats in Britain suffer from mould growth on walls to some degree, with kitchens, bathrooms and bedrooms most frequently affected. Causes of this condition can be condensation, but ventilation or plumbing, and central heating, or a combination of any of these.

Road and sewerage work

A MEMBER of the Mowlem Group, E. Thomas and Company, has been awarded two contracts with a combined value of about £2m.

Sainsbury art centre

R. G. CARTER has been awarded a £2m. contract to build the Sainsbury Centre for the Visual Arts at the University of East Anglia in Norwich.

ore water Teesside

DREDGING and Construction company has been awarded contracts by the Northumbria Water Authority, which are worth £1.5m.

Chemical plant

MILLER CONSTRUCTION, Wakefield, has been awarded a contract worth more than £1.5m. by Ciba-Geigy Chemicals for work on the new £5m. agro-chemical production plant on the South Humber Industrial Estate at Pwyscow, Grimsby.

New factory for Perkins Engines

A NEW factory costing £1.3m. for Perkins Engines at Peterborough is to be constructed by Bettles Building (Westcombe Construction Group).

Homes and harbour work

THE LATEST crop of contracts to be awarded to Wimpey total almost £5m.

Drilling in awkward corners

HEAVY DUTY two-speed rotary/percussion electric drill from Lougham Tool has the top of the body casing in line with the outside diameter of the drill chuck so that the drill axis can be positioned parallel and very close to a wall for drilling into the other face of a corner, or in a similar confined space.

Cradles on demand

A NEW organisation that will supply all types of cradles and associated access equipment for construction and maintenance applications has become fully operational.

vergordon using

CONTRACT valued at over £1m. has been awarded to Woodrow Homes by the Housing Society, of Edinburgh, for the design and construction of the second phase of houses at South Lodge Park, vergordon.

think

HEWDEEN/STUART Plant Hire Nationwide

Service to cut time and costs

TYPICAL SAVINGS of up to 50 per cent in time, and 15 per cent in costs, are the claims made for a construction management service announced last Friday.

Another major 'First' from Gleeson

The construction of the Winscar Dam has now been completed. This included the laying of the extensive asphaltic concrete carpet to seal the dam on its upstream face.

READY-TO-USE ACCOMMODATION

From £630 IMMEDIATE DELIVERY Youngman SYSTEM BUILDING

CONTRACTS AND TENDERS

GUANOMEX FERTILIZER PROJECT

PREQUALIFICATION FOR BIDDERS

Guano y Fertilizantes de Mexico, S.A. (GuanoMex) plans to construct a new plant, utilizing a proprietary process, in the area of Coahuila, Mexico. The project will be financed by the National Bank for Reconstruction and Development in various currencies and intend to apply the proceeds of the loan to the construction of the plant. The contract for which this invitation to prequalify is issued. Prequalifications will be carried out in accordance with the Guidelines for Procurement under World Bank Loans and IDA Credits.

ALGERIAN REPUBLIC DEMOCRATIC AND POPULAR

MINISTRY OF INDUSTRY AND ENERGY

SONATRACH

Notice of Invitation for International Tenders

An invitation for International Tenders is called to design, furnish and build an operating plant of liquid ammonia of a capacity of 1,000 metric tonnes/day at Skikda.

1—PROJECT SCOPE AND OBLIGATIONS

- Engineering studies and furnishing of plans of construction.
- The construction of the production units, storage and shipping facilities, necessary buildings.
- Starting up of plant to production acceptance.

2—HOW TO OBTAIN TENDER BOOKS AND DOCUMENTS

Concerned companies, having experience, in the engineering and construction of such process plants, can obtain a copy of the tender book from the authorised SONATRACH representative at

9, Rue Abou-Nouas, HYDRA, Algiers. Tel.: 60 40 00 to 05, or Zone Industrielle de Skikda Project AMMONIA. Tel.: 95 57 40 as from 10th November, 1975.

3—RETURN OF TENDERS

The tender documents are to be sent before 5th April, 1976, and addressed to the Vice President, ENGINEERING AND DEVELOPMENT, SONATRACH, 9, Rue Abou-Nouas, HYDRA, Algiers, Algeria. The documents to be sent in double envelopes. The inside envelope will be marked "BID SUBMISSION—DO NOT OPEN."

CLASSIFIED ADVERTISING RATES

	Per single column centimetre
Appointments	£9.00
Industrial and Business Property	£9.00
Residential Property	£9.00
Business Opportunities	£11.00
Educational	£9.00
Motors	£9.00
Hotels and Travel	£9.00
The minimum depth of display advertisements and of boxed classified advertisements is: Three single column centimetres.	
Larger advertisements are only accepted in multiples of whole centimetres.	
Premium positions available — rates on request. Write to: Classified Advertisement Department, Financial Times, 10, Cannon Street, EC4A 3DF.	

THE CENTRAL BANK OF THE DOMINICAN REPUBLIC

Department of Tourism Infrastructure and Development — INFRAATUR

PREQUALIFICATION NOTICE

It is hereby announced that the Central Bank of the Dominican Republic will receive applications for the prequalification of interested contractors, established in member countries of the International Bank for Reconstruction and Development (World Bank), and Switzerland, for the construction of infrastructure Works at Playa Dorada and Playa Grande on the north coast of the Republic between Puerto Plata and Cabrera. The first two construction contracts comprise:

- PDC1 Roads, earthworks and stormwater drainage at Playa Dorada comprising the following principal items:
 - 230,000 cubic metres of earth fill.
 - 43,000 square metres of roads with curves.
 - 4,000 square metres of footpaths.
 - 3,200 linear metres of open channels.
 - 3,000 linear metres of pipe—300 to 900 mm dia.
 - Two outfall structures for stormwater drainage.
- PGC3 Roads, earthworks and stormwater drainage at Playa Grande. The principal items include:
 - 10,000 cubic metres of earth fill.
 - 15,000 square metres of roads with curves.
 - 1,600 linear metres of open channels.
 - 1,100 linear metres of 300 mm to 450 mm diameter pipes.
 - Two drop structures.

Payments for goods and services provided in the Dominican Republic will be made in Dominican Pesos while goods and services provided elsewhere, outside the Dominican Republic, will be made in U.S. dollars. The prequalification questionnaire may be obtained from: BANCO CENTRAL DE LA REPUBLICA DOMINICANA, Departamento INFRAATUR, Santo Domingo, Republica Dominicana or from: SIR WILLIAM HALCROW & PARTNERS, Newcombe House, 45 Notting Hill Gate, London W11 3JX, England. Two (2) sets of the questionnaire should be completed and sent in sealed envelopes to: BANCO CENTRAL DE LA REPUBLICA DOMINICANA, Attn: Departamento INFRAATUR—Concurso Precalificación Vías y Alcantarillado Pluvial, Santo Domingo, Republica Dominicana. The closing date for the receipt of the questionnaires is 1.00 p.m. on the 2nd of January, 1976, Santo Domingo, R.D.

HIRE NEW

—he has everything you need to keep the job moving. Remember, anything they can do Hew can do better.

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The new king must choose

JUAN CARLOS' first speech as King of Spain is, in its impression, open to a wide variety of interpretation. It can be read as promising that the shift from a dictatorship to a monarchy will be accompanied by real reforms in the regime, and by the introduction of a greater measure of democracy and liberalism than was ever permitted under General Franco. Its lack of any specificity on the question of democracy and liberalism can, on the other hand, leave open the opposite interpretation, that its broad expressions of concern for the Spanish people were mainly a cover for an underlying intention to maintain the continuity of the régime established by General Franco.

Right-wing opinion in Spain seems inclined to put its faith in the latter interpretation, which may be correct, since the new king is Franco's political heir and has spent his entire life in a discreet loyalty to Francisco.

Necessity

But the generalities which he may have felt to be the essence of prudence and good taste on the day before General Franco's burial, will not serve for very long to protect the King from the necessity of making clear at least the general shape of his political intentions, and that necessity is likely to be pressing on at least two fronts in the near future. In the first place, he must appoint a new President of the Cortes and he must decide whether to appoint a new Prime Minister. The present Prime Minister, Sr. Carlos Arias Navarro, appeared at one time anxious to give the impression that he was in favour of some mild liberalism, but that impression has been swept away by the repressive application of anti-terrorism laws. In the second place, the King must decide whether to issue an amnesty for political prisoners or whether to go ahead with the terrorism trials, some of them on capital charges, which are now in the pipeline. If he appoints Sr. Arias and goes ahead with the trials, liberal and left-wing

opinion will put the worst construction on his medium-term intentions.

In the last resort, and probably sooner rather than later, Juan Carlos must choose whether to make a fundamental break with the past. He would not be a human if he did not hope that there might be a way of introducing change by slow and cautious steps, relying on the promise of change to appease the Left, and on the slowness of change to reassure those Right-wing forces on which the régime rests. He could hardly fail to have in mind the consequences for Portugal of a sudden dislocation from dictatorship to anarchy, and though there is no ground for supposing there is any parallelism between Lisbon and Madrid, it might reinforce the temptation to err on the side of caution. Yet it is very difficult to see that there is any way in which the King can avoid the choice between Francoism and democracy, and almost as difficult to see that there is any way he can ensure his own political future except by opting for democracy.

Popularity

At present he is, though he may not feel it, in a very strong position to make that choice. Although he is rejected as illegitimate by the left-wing parties in the Junta Democrática, he is popular with public opinion, as the latest poll shows. That popularity is clearly based on hope rather than experience, and if he fails to justify it, he will tie himself indissolubly to a dying generation of right-wingers whose legitimacy is founded on a civil war. Naturally, he will require considerable strength of character to resist the personal and political pressure of the right-wing pillars of the Franco régime, and it is not yet clear whether he has that strength. But he will be short-sighted if he opts for the National Movement and the Guardia Civil against the trades unions, the intellectuals, and the business men who want closer links with the European Community.

The meaning of cash limits

THERE is no generally accepted definition of the term "cash limits". For this reason the Government would assist public debate about its present intentions if it included with every reference to "cash limits" a "cash ceiling" or "cash control" a precise exposition of exactly what it means. An example of the difficulties involved can be found in the Prime Minister's use of the newly fashionable terminology in his speech in a local government conference at Eastbourne on Friday.

Quite different

The man in the street might be forgiven for assuming that what Mr. Wilson meant was that the Government, after negotiation with the local authorities, would say at the beginning of the financial year that so much could be spent on such purposes in the year ahead, and no more. In fact what is in question is quite different from that. The ceiling will not apply to the one-third of local authority spending (net of income from rents, interest and charges) that is financed by the rate—Mr. Wilson made clear. The only limit on this expenditure will be the council's sense of self-discipline, and the approaching local elections.

The other two-thirds of net local authority spending, which is financed by Government grants, will be controlled by the new ceiling of the Treasury's guess about the likely rate of inflation over the next two years turns out to be correct. There is no guarantee, however, that the Government is very far wrong if it will stand out against the inevitable flood of requests for supplementary grants.

Mr. Wilson also referred to cash limits on "the greater part of central Government voted expenditure in 1976-77". This, too, means fuller expenditure. The runaway growth in public expenditure—which is by no means fully explained away by the Treasury's reply to its most trenchant critics, Mr. Wynne Godley on Friday—has come about as a result of the way in

which "real terms" calculations have been used in a time of rapid inflation. In earlier years government spending was in theory limited by the annual Estimates, but in practice increased by "supplementary" as prices rose. This was not workable when the rate of inflation became appreciable and unpredictable, so the new system of calculating everything in "volume" or "real" terms—disregarding numerical money totals—was proposed by the Plowden committee.

The Plowden system itself has broken down, partly because of rapidly escalating public spending programmes. The Treasury's current notion of cash control seems to be based on its confidence that it can predict the rate of increase of wages while incomes policies remain in force. True cash control would provide that when ceilings were reached authorities, local and central, would have less. This could mean purchasing fewer goods, or paying less in total wages, or resisting claims or reducing the number of employees—or providing fewer services.

Such thinking, which probably corresponds fairly closely to what most taxpayers would define as cash limits, seems to be alien to the Treasury approach. Whenever Ministers call for expenditure cuts the first to go is forward capital spending, which can always be restored. The next to go is usually forward spending on services. Cuts in the numbers employed by public authorities, come last in the usual order of priorities.

Yet such limits would be forced on some authorities if genuine ceilings were related to the general rate of inflation (rather than a particular index designed to suit a particular department's clients), or if manpower ceilings were properly enforced, or most stringent of all, if it were made plain by the Prime Minister that the Treasury is coming up against the limits Godley on Friday—has come about as a result of the way in

To-day's meeting to review the work of the Economic Development Committees, though one of a regular series, is of special significance. To be attended by both Mr. Denis Healey and Mr. Eric Varley, it is first since the Government unveiled its new industrial strategy, which provides for an enlarged role for EDCs. Geoffrey Owen considers where their real value might lie.

Little Neddy growing pains

WITH THE emphasis which the Government is putting on its "powerful new instruments" of industrial policy—planning agreements and the National Enterprise Board—one might suppose that the older instruments, the Economic Development Committees or Little Neddies, would be allowed to wither away. After all, some of these committees have been in existence for ten years or more; it is hard to think up a list of concrete achievements commensurate with the costs involved—the NEDO organisation itself (with a staff of 220), the numerous consultants' reports and, not least, the time of senior managers, union officials and civil servants.

It is perhaps surprising, therefore, that the Government intends not merely to keep the Little Neddies but to enlarge their importance. To-day's meeting of EDC chairmen will be attended by Mr. Denis Healey and Mr. Eric Varley; besides the regular review of activities, they will be discussing how the Little Neddies fit into the new industrial strategy.

Settling planning seems to be back in fashion; the Little Neddies, which were set up for precisely this purpose in the early 'sixties, are the only available instruments to do the job. Many of the 30 or so "important" industries which the Government will select for special attention already have their own EDCs. For the others, steps will be taken either to revive dormant EDCs, as for the motor industry, or to set up new ones, as for steel. These new tripartite committees may not necessarily be called Little Neddies, but they will be similar in organisation and will be serviced by the NEDO staff.

Not a strong point

Yet the irony is that sectoral planning is not one of the Little Neddies' strong points. Where the EDCs have done useful work (and no one would deny that many of them, for at least part of their existence, have been little more than talking shops), it has not had much to do with planning. The successful EDCs are those which have identified and diagnosed a specific industrial problem and have mobilised the necessary resources and enthusiasm, inside and outside the industry, to do something about it. This is where the value of the EDC experiment lies; if the Government tries to redirect their efforts towards planning, the constructive role which some EDCs are playing—and which others could play—may be seriously damaged.

The clearest example of the EDCs at their best has been in the approach to the on-site man-

agement of large and complex construction projects—oil refineries, chemical plants, power stations and so on. The obvious problems in this field—chaotic work, bargaining, poor quality and tempo of work, lack of skilled manpower, conflicts between contractor and client and between contractor and union—were discussed by several EDCs in the mid-sixties. In 1968, a NEDO Working Party was set up, bringing together contractors, clients and unions to try to work out a common approach.

After many months of frank talking on all sides, a consensus began to emerge on how to tackle such issues as wage negotiations, bonus schemes, work

departments do not usually have the authority to argue on equal terms with the chairmen or managing directors of major companies. With some notable exceptions, they do not stay long enough in a particular post to acquire a deep knowledge of the industry.

Even when assistance to an industry out of public funds is involved, the initiative has tended to come from the EDC rather than from the Government. This was certainly true of wool textiles, where a £15m. Industry Act scheme has been in progress for the past two years. The starting-point for this exercise came in 1968, when the EDC, after several years of

try Act schemes are being introduced.

In these examples the industry itself has well-defined boundaries and the problems it faces can be clearly identified; this makes the task of the EDC easier. The disappointing results from the EDC for mechanical engineering stem in part from the much more diffuse and fragmented nature of the industry; process plant, hived off into a separate working party, has been more productive. The same is true to some extent of electrical engineering, although working groups have recently been established for the main sub-sectors—heavy electrical mach-

these studies and in the following action.

The work even of the successful EDCs is undramatic, slow to produce results—and easy to mock. Some people argue that if only civil servants had the same "collusive" relationship with business as is said to exist in France, and the same armoury of carrots and sticks, progress would be much faster; this was one of the ideas behind the introduction of planning agreements, though the concept has since been watered down. But this sort of relationship has never existed in the U.K. and is unlikely ever to be created: civil servants are totally unqualified by training, experience

instrument of indicative planning into an agency for planning about change by co-ordination. Such an agency is especially useful in a period in which industrial problems have become highly complex and so to them can no longer be posed from above, but require lengthy process of bargaining among representatives of organisations affected. It is a framework in which different interest groups "can dig terms for co-operation a little to their own and other's members."

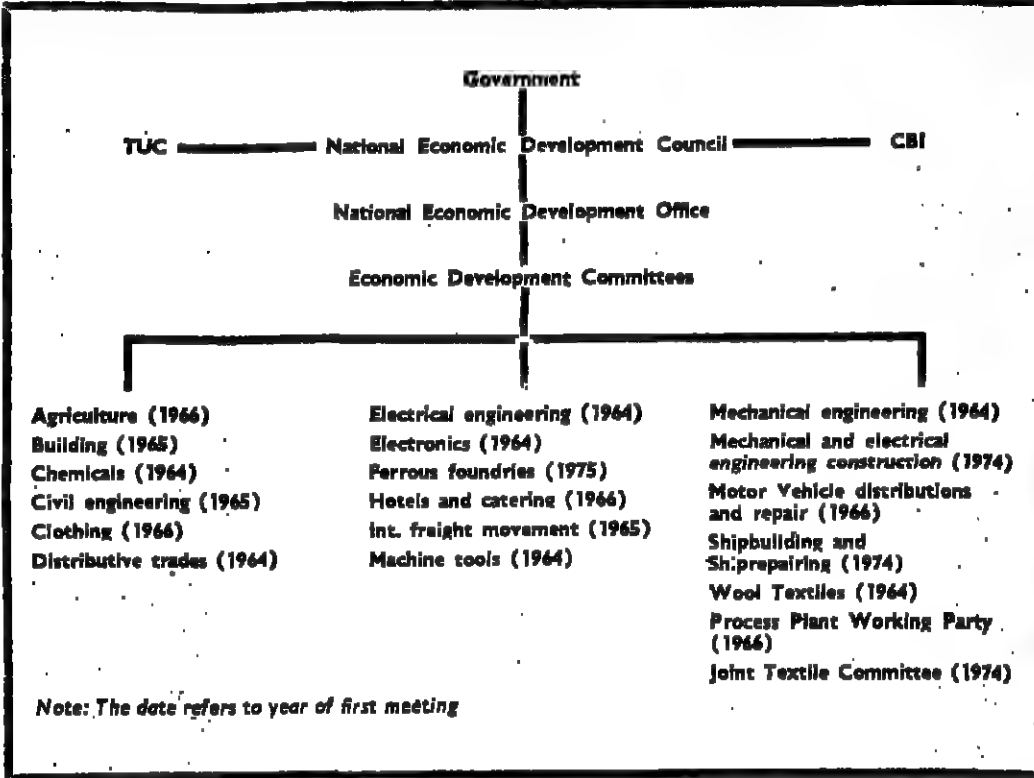
Several factors

Whether an EDC achieves consensus depends on several factors. One is the effect of the senior NEDO representative and his standing in industry. Another is the effect of the independent chairmen focus attention on real pressing problems, however embarrassing such scrutiny be to some of the members' quality of the management, who are not appointed after discussion of the relevant trade associations' sometimes poor. Several union representatives are burdened with other commitments to attend meetings rarely.

Unlike most institutions in this field, the EDCs enjoy a degree of bipartisan support. Mr. Michael Heseltine, the servant spokesman on industry, believes they could play a role in influencing Government decisions, especially if membership was strengthened (for example, by including representatives from the "own" industry, the institution shareholders) and if their relationship with sponsor departments was made closer.

The danger is that they be asked to take on new functions which they are not to discharge. There is a tendency, especially a people who are alarmed by planning agreements, to think that any planning the Government wants to do, and any "interface" arrangements industry, can be achieved through NEDO and the Ministry (the Treasury) which gives it its strength. According to an article by a group of London Business School researchers, who have made a special study of NEDO, it is an organisation which has multiple constituencies, but no authority to intervene or co-ordinate, and no line of legitimate power, formally or informally. It operates with and among traditional and powerful social organisations (unions, business firms and government) and slowly seems to be accomplishing results in obtaining change in these organisations and their environments.

These researchers suggest that NEDO and the EDCs have been going through a gradual transformation from being an



Sir Ronald McIntosh, director-general of the National Economic Development Office; his staff will service any new tripartite committees which the Government may set up.

ment and training. A steering committee was established to follow up the recommendations and this led in 1974 to the formation of an EDC for Electrical and Mechanical Engineering Construction. It would be an exaggeration to say that the mutual antagonism built up over many years has evaporated or that everything is now running smoothly on large construction sites. But the voluntary involvement of all the parties and the growing awareness of their inter-dependence have created a climate in which individual managements and unions can take positive steps in the direction of greater efficiency.

In the early days the Little Neddies were seen as the mechanism for translating national economic objectives into action plans for individual industries; they were to supply the "missing link" in relations between industry and Government. As it turned out, the Government's role on the EDCs has often been passive. This is partly a matter of personalities. The officials from the sponsor

desultory activity, persuaded both sides of the industry to co-operate in an exhaustive study of its structure and performance, commissioned from W. S. Atkins but actively involving all the major companies and unions. Published a year later, it became the basic reference document on the industry, containing facts, analyses and recommendations which were broadly accepted by the parties concerned.

Once again the voluntary participation of both sides of the industry was the essential ingredient. When the Industry Act scheme was devised a few years later, all sections were prepared for it and willing to co-operate. It is too early to assess the impact of the scheme on competitiveness, but the level of investment has almost certainly been higher than it would otherwise have been and a good deal of obsolete equipment has been scrapped; progress on structural change has been less satisfactory. The hope is that similar results can be achieved in clothing and in ferrous foundries, where Indus-

try, industrial equipment and domestic appliances.

These two EDCs had a narrow escape during the 1970 review set up by the new Conservative Government. The Department of Trade and Industry argued that they, in common with several other poorly supported committees, should be wound up; they were saved only by strong pressure from NEDO itself.

Whatever the structure of the industry, an EDC will only work properly if the management and union representatives want it to work. The motor industry EDC, for example, seemed to be regarded mainly as a means of lobbying the Government; attempts to scrutinise the internal weaknesses of the industry, whether in labour relations or in vehicle design, were resisted. The chemicals EDC, by contrast, has done useful work in, for example, sponsoring detailed productivity comparisons between U.K. and West German plants and identifying the areas where overmanning exists; union representatives have been actively involved in

MEN AND MATTERS

Closing the stable door?

While the inflation accounting debate overshadows everything else in the accountancy profession at the moment there are a few other things going on in the background which at other times might receive more prominence. One example is a draft document currently circulating round Moorgate Place entitled *Current Problems in Auditing*. It proposes that auditors should check cash forecasts of their clients for the next 12 months before signing their names to a clean bill of health for accounts—which are of course historical.

The report further suggests that auditors should refuse to give an opinion on the state of the company if they are not satisfied that a client's cash position is sufficiently strong to ensure its viability for at least a further 12 months, and is novel in the sense that it is seeking to make auditors look forward as well as backward in reviewing companies' affairs.

Most leading chartered accountancy firms would claim that these procedures are already part of the standard audit. If they are, however, the spate of bankruptcies and liquidations in big groups as well as small over the past couple of years suggests that the procedures are a fairly novel addition. And critics of the profession, of whom there are a fair number, would argue that there is plenty of room for extending the practice.

The same critics would claim that the exercise is very much one of closing the stable door after the horse has bolted. Even now the document is only in draft form and it could be a couple of months before it appears as one of the *Accountants Digest* series which is designed by the Insti-

tute to give accountants advice on current problems. Accountants really needed such advice two or three years ago.

Anyway the document does not carry the same weight as the series of *Accounting Standards* which the Institute has been issuing. It comes under the heading of guidance and advice rather than recommendation of standard practice, and can be ignored therefore by those who feel so inclined, although it will affect those who allow themselves to be guided by what the Institute regards as "best practice."

Pull the other leg(s)

What a tragedy it will be if Neddies should finally prove to exist and be revealed to a breathless public—only to be upstaged by another strange creature from the other side of the world. The following report was received over a news agency on Friday (sandwiched between stock market reactions to a Wedgwood figures). I merely repeat it and offer no guarantees as to its veracity.

The story is headed "A What's found." It runs: "Jakarta Friday—authorities have discovered a wild animal that resembles a tiger, bird, goat, and elephant in the Jungle of Kalimantan, the official Antara news agency reported today. The animal is now in the cultural centre of Tenggarong, his toes like those of a rooster, and legs of a goat. Antara said."

"Its body is similar to that of a tiger and its throat is that of a lion while its horns and ears are similar to those of a cow," according to the news agency. Antara said other features of the animal are its elephant-like trunk, human forehead, and goat beard.

If it's true then there has been some strange goings on in that jungle over the last few million years.

Runners in the Catholic race

Speculation continues over who will succeed the late Cardinal John Heenan as Roman Catholic Archbishop of Westminster. Ladbroke's, who are running a book on the result and have so far taken £2,000 in bets, still make George Patrick Dwyer, the 57-year-old Archbishop of Birmingham, the favourite at 4-1, although his odds have eased a bit, since the book was opened at the beginning of October. He would be much in line with the solid Catholic tradition which Heenan himself typified: during his lifetime he admitted that he never had any doubts about his Faith. The other four candidates recognised by Ladbroke's are less traditional figures. Bishop Christopher Butler, an auxiliary bishop at Westminster, is an ex-Anglican clergyman and has a brilliant brain: he achieved a Treble First at Oxford and is a Fellow of St. John's College. He was also a well-known radio and TV performer when he was Abbot of Downside.

He has several factors working against him, however. One is his age, 73, but more important is the fact that he is believed to have been the inspiration behind the *TABLER* editorial taking issue with the Pope on birth control.

Two other bishops appear to be in the running—Alan Clark, auxiliary at Northampton, and Derek Worlock, who is Bishop of Portsmouth. Clark is the joint chairman of the Anglican-Roman Catholic International Commission and a widely respected theologian. Worlock

has already served at Westminster as secretary first to Cardinal Griffin and then to Heenan. When Griffin was in his declining years Worlock did most of the work, and is apparently not too popular among Westminster priests.

But by far the most interesting candidate is Michael Hollings, who is a mere parish priest at Southall in Middlesex. Rome may have reservations about appointing a priest direct to the principal See in England and Wales which carries semi-automatically a cardinal's red hat, but otherwise he has got a lot going for him.

He is widely supported among the Westminster clergy, and is also favoured by the new Duke of Norfolk, the leading Roman Catholic layman. A number of important Catholics believe that Hollings' leadership could make the difference between keeping and losing the support of a whole generation of younger Catholics who find it difficult to identify themselves with the more traditional interpretations of their faith, while his work in the mixed racial community at Southall has attracted much admiration.

How truly the odds reflect the candidates' chances—Hollings is at 12-1—is difficult to assess. Rome moves in mysterious ways and is not even infallible: one Roman Catholic bishop in England owed his appointment to the fact that the letter was sent to the wrong man of two priests with the same name.

Clean breast

How's this for refreshing honesty? A leading stockbroker firm has headed its latest market report to clients "Bull."

Observer

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FINANCIAL TIMES SURVEY

Monday November 24 1975

INSURANCE

British insurance companies made an underwriting loss last year on their general business throughout the world after three successive years of profits. The decline was quite dramatic, the loss being £115m. against a previous profit of £19m.

Mirror of the hard times

Eric Short

DECLINING trend in writing from the peak in reflects both the mounting of claims because of the rising rate of inflation the very severe competitive conditions under which insurers operate. The underwriters' premium rates allowing subsequent claims whose will be considerably increased by inflation. In general, underwriters, in common with economic experts, underestimated the actual rise in on the year.

position is made worse in countries where rates are rolled by law. All too often appropriate increases are not for the full amount. When their 1974 results, re-determined this tale for many of the stories in which they operated deterioration in the 1974

U.K. sector

The U.K. continued to be a buoyant sector of British insurers with both the motor and the fire and accident (non-motor) sectors showing underwriting profits, although on a lower scale than in 1973. The fire and accident recorded a profit of £21m. against £48m. previously.

This profit helped to offset the overseas loss so that the total deficit on fire and accident for 1974 amounted to £64m., compared with a profit in 1973 of £38m. The worldwide motor account moved further into the red. In the U.K. a small underwriting profit of nearly £2m. was recorded, compared with nearly £13m. previously, reflecting a return to the normal situation following the energy crisis. Overseas motor business had a loss of £53m., however, compared with £32m. in 1973, so that the overall motor deficit came to £51m., against £18m. previously. Motor rates are strictly controlled in most overseas territories and rate increases for the full amount are difficult to get approved.

Investment income from general funds continues to be buoyant. In 1974 it rose by 29 per cent. to £377m. so that there was an overall pre-tax profit on general insurance business of £262m. The income from the large funds accumulated by the insurance companies is enabling them to carry such large underwriting deficits. But it is not sufficient to enable them to expand their capital base in order to maintain solvency margins under adverse conditions.

Last year saw insurers' solvency margins under considerable pressure with the dramatic fall in asset values of equities, property and fixed interest combined with the rise in premium income from inflation. The market recovery has eased this pressure considerably, but the composites reinforced their position by having a rights issue. Only General Accident and Eagle Star have

not come to the market in order to expand their capital base. The predominantly life companies—Prudential and Legal and General—have had rights issues in respect of their general business. Life assurance had another successful year, despite the adverse economic conditions, thus maintaining its vital contribution to savings in Britain. New sums assured totalled £23.9bn.—a rise of 21 per cent., the same as in 1973. Overseas business was very active, new sums assured totalled £4.68bn. will soon have to look at the against £3.85bn. in 1973. The expansion into Europe following the U.K.'s entry into the EEC is now beginning to show results.

Returns

New annual premiums in life assurance moved up to £707m. from £561m., a rise of 26 per cent. Single premiums and considerations for annuities however, came back to £633m. from the record £706m. in 1973. This reflected the demise of the highly successful guaranteed income bond following the March 1974 Budget. The figures for this year could well be lower.

The linked life companies were the ones to suffer from this income bond demise. Their pattern of business up to now has been heavily orientated towards single premium contracts. This contracted last year to £125m. from a record £346m. in 1973. The small increase in regular premium business from £38m. to £40m. did little to offset this drop.

Life companies are affected by

inflation in that the contracts are in fixed money terms, while expenses rise with inflation. There were some very big salary increases made in several life companies last year, and ahead of the anti-inflation proposals. These can be offset only by a steadily rising volume of new business. Fortunately life companies at the half year stage were reporting substantial increases in business and there was a marked recovery in the

Nevertheless, life companies will soon have to look at the returns offered to investors on the life policies. The general trend this year on traditional with-profits business was for revisionary bonuses to remain unchanged by wholesale cuts made in the terminal bonuses. This means that the return on maturing policies was slightly lower in 1974 than in 1973 at a time when inflation was 25 per cent. higher. The success of the Government's inflation-proofed SAYE shows any other form of investment in an unfavourable light until inflation is brought under control and its level reduced.

This year has seen a start made to producing the regulations under the 1974 Insurance Companies Act. These are putting flesh on the supervisory provisions of that Act. The Government are now actively controlling large areas of insurance company operations, particularly in assessing the financial status. This closer control is giving cause for concern in many quarters, but there is little doubt that with the troubles in the life field strong action is required.

CONTINUED ON NEXT PAGE

WORLDWIDE GENERAL PREMIUMS 1974—(£m.)

	1974	1973	Increase %
Fire and Accident (non-motor)	2,246	1,907	17.8
Motor	1,265	1,159	9.2
Marine, Aviation and Transport	347	293	18.6
TOTAL	3,858	3,359	14.9

WORLDWIDE UNDERWRITING RESULTS 1973 and 1974—(£m.)

	1974	1973	% of Premiums	1973 Profit/Loss	% of Premiums
Fire & Accident (non-motor)	2,154	1,819	-3.0	+38.1	+2.1
Motor	1,232	1,146	-4.1	-19.1	-1.7
Total	3,406	2,965	-3.4	+19.0	+0.6

U.K. UNDERWRITING 1973 and 1974—(£m.)

	1974	1973	% of Premiums	1973 Profit/Loss	% of Premiums
Fire & Accident (non-motor)	739	676	+2.7	+14.7	+6.0
Motor	507	461	+0.4	+12.7	+2.8
Total	1,296	1,137	+1.8	+57.4	+5.0

U.S.A. UNDERWRITING 1973 and 1974—(£m.)

	1974	1973	% of Premiums	1973 Profit/Loss	% of Premiums
Fire & Accident (non-motor)	486	448	-6.5	+7.7	+1.7
Motor	262	254	-1.3	-2.6	-0.8
Total	748	702	-5.9	+5.7	+0.8

REST OF THE WORLD UNDERWRITING 1973 and 1974—(£m.)

	1974	1973	% of Premiums	1973 Profit/Loss	% of Premiums
Fire & Accident (non-motor)	879	695	-5.9	-14.3	-2.1
Motor	453	431	-8.6	-29.8	-6.9
Total	1,362	1,126	-6.9	-44.1	-3.9



1720 Royal Exchange



1802 Essex & Suffolk



1805 Caledonian



1808 Atlas



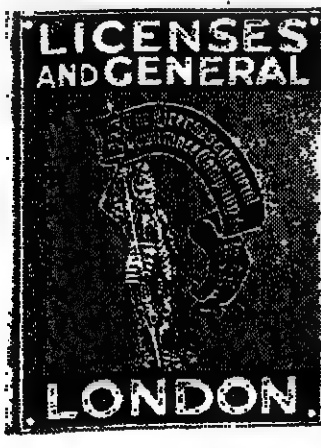
1821 Guardian



1834 Union of Canton



1881 Reliance Marine



1890 Licenses & General



1891 State



1906 Motor Union



1915 United British



1908 Guardian Royal Exchange

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INSURANCE II

Official supervision is here to stay

THE U.K. insurance industry has operated for centuries with a minimum of Government control. This development has been in complete contrast to the Continent, where the insurance industries are tightly controlled by the authorities on most aspects of their business—for example, premium rates, policy forms, underwriting, returns, methods of valuation and calculating reserves.

Such freedom has brought great advantages to the U.K. insurance industry and was a dominant reason for London becoming a world insurance centre. The Continental insurance industries in comparison have remained very much local organisations with a size nowhere comparable with the U.K. industry. Yet this freedom has weaknesses that have come to the fore in the past decade.

It means that no check can readily be made on the financial health of an insurer—life or non-life. With the form of returns that have been made in the past, trouble could only be detected when it was too late for any remedial action to be

taken and the insurer had to go into liquidation. A few years ago some motor insurers went to the wall, and Vehicle and General's failure is still very much in people's minds. Last year it was the turn of some life companies and their problems are still being sorted out. Failures are not new in the history of U.K. insurance, the 19th-century was littered with cases of insurers that collapsed. But in the prevailing climate, this was regarded as the price of progress. It sorted out the weak from the strong. However, this century has, until recently, seen very few failures and the industry has achieved a reputation for 100 per cent. guarantees that was for the most part deserved.

Shock

Therefore it came as something of a shock to find that failures could occur especially with newly formed companies. But in addition the climate of opinion has changed from one of caveat emptor to one of consumer protection. Freedom of publicity, the theme of supervision of the insurance industry, turned out not to be completely effective. The authorities needed

much more control over the running of the industry to be able to effectively police it.

The Insurance Companies Act 1974 introduced a new era in U.K. insurance history, given that it has very wide powers of control and intervention by the Government through the Department of Trade. This Act laid down the basic framework of such control and the operation of these controls is through a series of regulations on the various aspects of this supervision.

Some of these regulations have already appeared this year, others are still being discussed. It is to the credit of the DoT that they have consulted in depth with the insurance industry organisations in preparing these regulations. It appears that such discussions have taken place in an atmosphere of harmony, whatever reservations the industry may have regarding the changes.

The first aim of these regulations is to make it easy for the DoT to check the solvency of the insurer—life or non-life. The regulation on the valuation of assets were issued at the very end of last year and became operative on February 1. It formalised using the market

values of investments, previously practice had varied between insurers. In particular it laid down how subsidiary companies and non-quoted assets were to be valued for balance sheet purposes. The basis is rather strict, for instance, the Prudential has had to write down the value of its subsidiary, Mercantile and General, by several million pounds.

Subjective

The regulations relating to the other side of the accounts—the valuation of liabilities—appear to be causing much more difficulty. Valuation of liabilities is a much more subjective operation with no independent point of reference as there is with assets. Draft regulations for life business have already been circulated, since actuaries have been discussing for many decades within the profession the various methods of valuing such liabilities.

But the profession has not agreed that one single method, laid down by statute, is applicable in all cases or that the method proposed is the most suitable. Nevertheless, the purpose of such regulations is for

the actuary of a life company to demonstrate very simply the solvency of his life fund. He should know, without a detailed examination, the position of his fund, but he has to show this in figures to the authorities who are acting on behalf of the policyholders.

With non-life business, the question of finding a mathematical formula to place on the outstanding claim reserve and the value of unearned premiums is causing considerable trouble. Indeed, some insurance authorities question whether this can be done by mathematics on a basis laid down by an outside authority. Yet it is difficult to see how the value of liabilities could be checked otherwise.

The next set of regulations, which are expected very soon, concern the admissibility of assets. This would include limits being placed on single assets and various classes of assets. The principle of not putting too many eggs in one basket has long been made by prudent investment managers in the insurance industry. Also the principle of matching assets against liabilities has been followed for decades.

The validity of these two basic concepts was highlighted last year when one life company failed because basically it had one very large investment that went sour and another life company was hopelessly mismatched so that heavy investment losses were incurred at the wrong time. These regulations will be designed to demonstrate that both these principles are being followed more or less and that the risk of solvency is being minimised.

These regulations when fully effective should enable the DoT to supervise insurers

effectively and more important to spot potential dangers time to take corrective action before any damage is done. Some sections of the insurance industry feel that the DoT gone in for overkill in methods and have not given sufficient consideration to effect on investment policy subsequent returns.

Ensuring the solvency of insurers is a laudable object but putting margin upon margin with both the assets and liabilities might well be charging higher premiums than would otherwise be the case or locking up assets that could be returned to the policyholder in the life field, freedom of investment in the past has meant that with-profits policyholders have received a far higher return than those in any of Continental countries.

Perhaps more trust could have been given to the various insurance managers and closer scrutiny given to the act persons in charge. This control now exists in another of regulations published this year. The Secretary of State has not to be informed of any change in directors, controllers, managers of insurance companies and personal details have to be submitted. He has the power to withhold approval and to remove any existing official who he considers is not a fit and proper person.

Detailed control of the insurance industry is now here. Those still in negotiation with the Government have a thankless task of ensuring that such controls will materially assist in ensuring the financial health of the industry without hampering its ability to open in a world market or to provide a savings media that offer higher returns than straight gilt-edged.

Eric Sho

Funds for industry

FOR SEVERAL years now a constant topic of discussion within the insurance industry has been whether a British Government would at some stage take powers to tell insurance companies where to invest certain proportions of their premium income.

The question arose in the early years of this decade in the context of U.K. entry into the Common Market, for in a number of Continental countries (as well as other overseas territories) the freedom of insurance companies to invest is restricted by Government regulations. Indeed, the U.K. is generally regarded as one of the countries giving the insurance industry the widest freedom of investment in the world.

To some extent this freedom is already being restricted by the Department of Trade regulations dealing with investments. The jumping-off point for this exercise, however, is to tighten controls on the industry to prevent insolvencies in so far as that is possible, something which the industry itself accepts and its co-operating with the Department in formulating.

Much more controversial, however, is the issue of direction of investment funds in the pursuit of social or economic policy objectives decreed by the Government, and it is precisely this issue which has over the past 18 months come to the fore.

On the one hand the debate

has arisen as a result of the widespread belief that British industry has been investing inadequately in new plant and equipment since the war. If not before, Left-wing economists, politicians, and trade unionists, including in particular Mr. Jack Jones of the Transport and General Workers Union and Mr. Anthony Wedgwood Benn, have argued forcefully that one of the reasons for this has been the failure of investment institutions to support industry adequately.

But it is not just Left-wing leaders who have been concerned about this aspect of the U.K.'s economic performance. While insurance companies, pensions funds, and the City strenuously deny that they have starved industry of funds, it is accepted in many quarters that a higher level of industrial investment, provided it is profitable, is desirable.

Thus there was during 1974 considerable concern in the City at the failure of the stock market to provide new funds for industry and commerce at a time of sharply falling share prices and high interest rates. No doubt this concern was in some banking and financial quarters tinged with pangs of guilt on account of the reckless and quickly to become profitless, stampede into investment in property and secondary banking, a chapter of the City's history which has yet to be fully analysed, and which has quite rightly been strongly criticised by Labour Left-wingers.

But if there is all-round concern about the level of invest-

ment in U.K. industry there is certainly no consensus about what should be done about it.

On the one hand Mr. Benn and Mr. Jack Jones have strongly advocated that the Government should siphon off from the insurance industry and pension funds a proportion of their annual premium income which would be given to a State-backed authority to invest. This on the face of it would be the worst possible form of direction of investment funds from the insurance industry's point of view for it would take part of their income out of their control.

One could imagine — and there are already signs of this — that less radical proposals might receive a less critical reception in some circles. Thus in the face of fears that at some stage the charge that the City was not supporting industry might stick if the capital markets remained throughout 1975 as dead as they were in 1974, the banks, insurance companies and pension funds agreed to provide if necessary £1,000m. of new funds for Finance for Industry to be invested as loan finance in primarily industrial companies.

The launching of this initiative was not without its traumas. It received a sceptical response from Scottish insurance companies, many pension funds and much of the life assurance industry. By all accounts many investors who took up the first FFT loan stock promptly sold it—some reports suggest that stock was sold back to the Bank of England.

Subsequently, in response to

a later Bank of England initiative, the pension funds and insurance companies have agreed to look at the question of establishing a new institution to provide equity rather than loan finance for certain companies. Once again, if this organisation were established the funds would remain indirectly under the control of the investing institutions themselves, for them to decide what investment criteria should be employed. In addition to these new initiatives the investing institutions have responded to industry's equity finance needs by taking up rights issues.

Doubts remain, however, even within the investing institutions, as to whether the response to industry's financing needs is either adequate or firmly enough founded on a continuing basis.

There are also suggestions that if the Government decides that the insurance companies (and pension funds) need to support industry through new channels outside the Stock Exchange more lavishly than current developments imply, certainly some composite offices with overseas experience will accept this as something they will have to live with in the U.K. as they do overseas, where already, either formally or informally, they are often expected to support desirable economic and social investments. The argument that it is part of institutional shareholders' responsibility to concern themselves about the long-term financing of companies they invest in, and not just sell shares of poorly performing companies, is gaining ground.

Stewart Fleming

Mirror

CONTINUED FROM PREVIOUS PAGE

The Government is taking great strides in consumer protection for insurance policyholders. The policyholders' Protection Act which went into the statute books a couple of weeks ago and will afford protection to existing policyholders in failed insurance companies.

The time being taken to sort out the Nation Life troubles has highlighted the need for speedy machinery to deal with financial troubles if policyholders are not to suffer temporary hardship.

Further measures are likely which will affect the prospective buyer of insurance. The four main insurance broking organisations set up a working party at the request of Mr. Peter Shore, Secretary of State for Trade, to consider plans for the licensing and supervision of insurance brokers and other intermediaries. Regulations on advertising are due at some time in the future.

The future of U.K. general business is looking brighter. The nine months results from the composites are appearing at this very moment. These show that while the U.S. market remains a considerable drain on the companies, they are taking drastic measures on the underwriting side, both in securing appropriate rate increases and in pruning the business to get rid of the dead wood. It will, however, take some time for these results to show up in the results.

Motor insurance remains a big problem area both in the U.K. and overseas. In this country increases in rates every six months are now becoming

the norm, with little hope of respite while the cost of repairs, spare parts and settlements continue to rise with inflation. The DoT appear to understand the problems of insurers and no curbs on applications are being made.

The U.K. insurance industry is having to cope with the twin problems of inflation on a worldwide basis and the persistent weakness of sterling. A strong stable currency is an essential ingredient for a worldwide insurance industry. Methods of combating this weakness often result in funds remaining abroad instead of coming into this country. This could have repercussions on the overseas earnings of the industry, the largest single source of visible, which is a point frequently overlooked by the authorities.

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INSURANCE III

Slow progress on Community front

OPPOSITION to the creation of a common market for insurance has greatly increased on the Continent in the past 18 months. The draft directives on freedom of establishment, institutions and business for life insurance submitted by the Commission in January and February, 1974 will not be adopted by the EEC Council at the end of this year as yet. On the contrary, some member countries have now adopted obstructive tactics. Other proposals about to be adopted by the Commission need to remove obstacles to the free movement of capital and insurance across national frontiers. In addition, the draft directive on joint underwriting by insurers established in different member countries is still in the pipeline. In short, an area of EEC activities which seemed most promising a couple of years ago is now positively gloomy.

It would be a pity if the ideas of European common insurance market were to prove to have been only another EEC pipe-dream, but it would be even worse if its establishment were to be bought by crippling the international earning capacity of British insurance, which to large degree depends on its flexibility. One-third of the domestic insurance premiums of the EEC is generated in Britain, which also collects 90 per cent of insurance premiums flowing into the Common Market from outside. Should EEC legislation result in crippling the ability of British insurance to draw business from all over the world, the damage would be great and some of it would reflect on the Community.

The need to tighten up supervision and financial security can hardly be contested, but it is unlikely that the mainly local and tightly regulated systems of France, W. Germany and Italy can serve as a useful model for the internationally oriented British industry.

The present deadlock in the EEC Council has probably more than one cause. A political observer would be inclined to see a connection between the opposition of some countries to the creation of common liberal insurance market, from which Britain stands to benefit, and British reluctance to join fully in the EEC oil policy. This may well be so, but it is also true that the British insurance industry provides some of the sticks with which it can be conveniently beaten.

As Mr. Robin Hutton, who was a London merchant banker before he became EEC Commission's Director of Financial Institutions, pointed out recently, unless the British industry can show that it is as secure and as aware of its duty to protect the customer as the heavily regulated Continental industry, the movement towards tighter EEC legislation will be unavoidable. British insurance, Mr. Hutton said, missed the opportunity for European leadership by failing to anticipate the Policyholders' Protection Bill with its own measures and to promote industry-sponsored protection on a Community-wide basis.

liberalisation as not really biting. A directive asking member countries to introduce freedom of establishment of branches, or freedom of providing cross-frontier services, would, it was thought, only open the way for a second directive co-ordinating national rules in these fields and both types of directives could become effective, it was assumed, only through national legislation.

Argument

Mr. Hutton's argument cannot be dismissed as special pleading of someone obliged by his position to press for a compromise. It only echoes the words used by a High Court judge, which certainly were not prompted by EEC considerations.

In deciding how the £21m. of funds of the failed Nation Life Insurance should be fairly shared out, Mr. Justice Templeman said in the Companies Court on July 25: "I am left wondering how many more insurance companies must crash, bringing hardship to the members of the public, before the insurance industry accepts responsibility for supervising members of the industry and their conduct." And he added: "Whether a member of the public is deceived by the literature of one company or another is a matter of luck."

Politics and the failure of British insurance to take up the initiative at home and abroad may have contributed to the reluctance of some of our EEC partners to keep up the progress of Commission proposals through the Council pipelines, but there is also a more immediate and technical reason for their changed attitude.

At the beginning of 1974 all these proposals could be viewed by the countries opposed to

Shares recovery points to better times

FRANCE SHARES in all categories of composites, and broking have comfortably outperformed the stock at this year—rising by a mum of two and a half from their early January points. The reasons for relative change vary, but essentially linked to the able rise in profits, in some quite large, which can be as fast for each sector both year and next. For the insurers and the brokers, the additional appeal at the end of a falling sterling range rate of a wide international spread.

became known, many groups had, of course, been taking remedial action—for example, the Royal decided to increase its premium rates in the U.S. in general liability (a heavy loss-maker) very sharply, while in Australia rate increases were applied generally towards the end of 1974 and companies also started pulling out of certain unprofitable areas, such as third party motor.

The full impact of this action has, however, taken time to come through—indeed rather longer than was hoped in the absence so far this year of very bad weather or disasters such as Flixborough. Consequently, at the half-year, sector underwriting losses were just over £50m.—much lower than the near-£80m. of the second half of 1974, but still much higher than the £18m. of the first six months last year.

The snag has been the U.S., which accounted for three-quarters of the general underwriting loss at the half-year stage this year. Recovery here has been slow as rate increases and cutbacks in exposure on commercial lines have taken time to come through, while resistance to rate increases and rising claims costs on personal lines have pushed up losses in the homeowners' and motor accounts of most companies.

So industry underwriting losses in the U.S. are expected to increase from 5 to 8 per cent of premium income this year, according to a recent study from brokers Wood Mackenzie, while continuing constraints on rate increases are likely to mean that profits in 1977-78 do not return to the levels of 1971 and 1972.

The recent series of nine-month results from the composites confirms the delay in the recovery, though all—with the important exception of CU—point to the beginnings of an improvement at the end of this year. The earlier recovery in the commercial lines is helping the commercial Royal, while Sun Alliance and General Accident are not expecting the main upturn to occur until the middle of next year, when the delayed motor rate increases should come through.

The importance of the U.S. for the composites' profits is not only because Royal and General Accident derive around two-fifths of their premium income from this source—and CU not much less—but also because the losses are so big that any reduction can have a large impact on the pre-tax outcome given the smaller magnitudes elsewhere. The trends in the rest of the world are generally good with both Australia

(again so far with the exception of CU) and Canada showing a significant recovery, and the main U.K. property accounts also holding up well, though domestic motor is still difficult and there has been some weakening on the Continent.

Overall, there is expected to be a small reduction in sector underwriting losses world-wide this year, though the recent massive £21.4m. third quarter losses by CU has resulted in a downgrading of overall projections, with little effect on the forecasts for the other companies. All the rest, with the exception of General Accident (because of its continuing U.S. losses) are expected to show some sort of reduction in their deficits this year—with the biggest improvement coming from the Royal which suffered most last year. Both Guardian Royal and Sun Alliance could turn in underwriting profits this year after losses in 1974.

The other main influence on the result is, of course, investment income, which grew by 22 per cent last year, after a 37.5 per cent advance in 1973. In the current year, growth has been affected by the decline in interest rates, the fall in the value of sterling and—in particular—by the series of rights issues. At the half-year, investment income had risen by 28.5 per cent—boosted substantially by the CU rights issue and the acquisition of Century Insurance by Phoenix. So the underlying rate of increase was probably only 18 to 19 per cent, and is likely to be lower in the current half.

But given the likelihood of some improvement in underwriting for most, if not all, of the majors, the increase in investment income alone should be sufficient to ensure substantial pre-tax growth for 1975 as a whole. At the earnings level, a rise of over a fifth is likely for the sector. Guardian Royal and Royal are expected to report the largest rises—and only CU and General Accident should be down for the year.

These trends have all been reflected in the sector share price performance this year. The composites were strongest relatively earlier in the year—especially when there was a search for companies with overseas earnings—and during the late summer the shares tended to lag behind because of disappointment with the slower than hoped for rate of recovery indicated by the interim figures.

Turndown

The last underwriting cycle shed its peak in 1972, but its, albeit smaller, were still based on general business in 1973 and the major deterioration only occurred last year. There was a turn-down of over 50m. in the underwriting of the seven majors—al to 3.3 per cent. of premium income. So despite a 10 per cent. increase in investment income of per cent., sector earnings declined by a quarter last year.

Boosted

The main reason for the setback was the massive losses incurred in the U.S. Canada, 1 Australia. Bad weather in Australia, notably in the south (the Darwin cyclone), did special legislation—for example, retrospective legislation in Australia. However, the underlying trend was adversely affected in 1974 by the accelerating rate of inflation—which particularly affected "long-tail" business such as general liability—while motor classes have also suffered in areas where there are restrictions on rate increases.

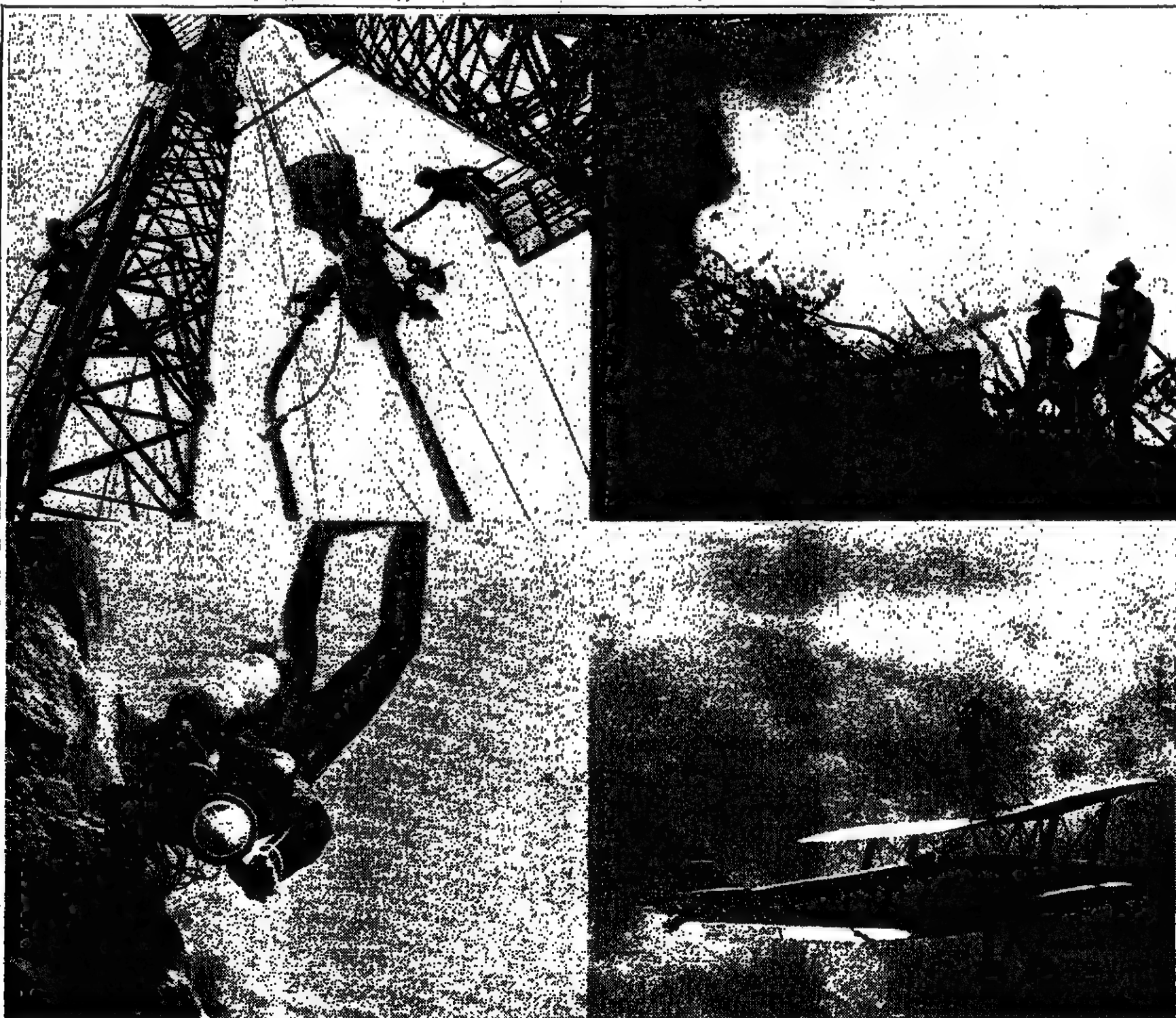
Even before the full extent of last year's appalling losses

the share price performance this year. The composites were strongest relatively earlier in the year—especially when there was a search for companies with overseas earnings—and during the late summer the shares tended to lag behind because of disappointment with the slower than hoped for rate of recovery indicated by the interim figures.

The movements in individual share prices have mirrored the relative earnings prospects this year and next, as well as the impact of rights issues. The latter have been absorbed without any real signs of indigestion or share price weakness, and all have gone well.

Looking through the share price lists, the composites are all generally within a tenth or so of their year's highs—with the notable exception of Commercial Union, which is nearly a third below its 1973 peak. Its shares have been noticeably weak since the half-year statement in August and fell sharply last week on the news of a deterioration in an already bad underwriting loss. The stock market is now distinctly disenchanted with the company and its rating is likely to suffer until there is positive evidence of a turnaround, especially in the U.S.

Peter Riddell



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INSURANCE IV

The London markets

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WITH ABOUT 75 per cent. of its premium income coming from overseas the Lloyd's market writes a sizeable proportion of the overseas insurance business which comes to Britain. And there is little doubt that the existence of the Lloyd's market in London is responsible for business being placed with insurance companies in London which otherwise might not have come to Britain.

In 1974 the estimated overseas earnings of Lloyd's drew level with those of the whole of the company market, each sector accounting for £148m. The figure attributable to insurance brokers, almost exclusively Lloyd's brokers, was a further £76m. Brokers are responsible for bringing a very large premium volume to the London market—well in excess of £1,000m.

Last summer the Lloyd's market reported record profits for the 1974 underwriting year. The actual profit was £91.9m., representing a return of 9.61 per cent.

on a premium income of nearly £1,000m. That, however, is the peak of the cycle. The chairman of Lloyd's reported that the 1973 account (to be closed at the end of this year) was "mediocre," and that 1974 looked bad. The latter year may very well result in an underwriting loss. As in the past, a few profitable underwriting years resulted in a large surplus of world-wide "capacity" with insurers cutting premium rates to uneconomic levels to secure business.

The London market could not escape the consequences. It had to renew potentially good business so as to retain it—even though it knew that the current premium would prove uneconomic. Bad business, however, was allowed to go. All the indications are that the present capacity of the London market is well in excess of £1,000m.

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There are currently signs that some of the more competitive overseas elements are withdrawing with "burnt fingers." As a result there is a growing flow of enquiries from overseas to the Lloyd's market, and a satisfactory amount of business being written at what underwriters consider to be reasonable rates of premium. It looks as though there could be a significant increase in business from overseas during 1976.

The non-marine market at Lloyd's has had plenty of problems to contend with. On the overseas side, in common with other markets, it has faced keen competition from overseas insurers, and underwriters have been further handicapped by the fall in the value of sterling. In many cases, effectively, this has significantly increased the cost of claims. An overall loss for 1974 is quite possible, bearing in mind the U.S. tornadoes, the Flixborough explosion and Hurricane Tracy at Darwin.

At home the non-marine market has been faced with a very high rate of inflation. Various schemes have been devised so that those insuring commercial and industrial property which could take years to rebuild could insure for the current replacement cost at the outset and make allowance for the effects of inflation which can be expected not only during the year of insurance, but in subsequent years while rebuilding is taking place, should there be a loss.

In the past insurance companies have had a firm grip on the insurance of private houses arranged by building societies. Now, with building societies giving house purchasers a certain amount of choice about their insurers, non-marine underwriters at Lloyd's are anxious to handle some of this business for building societies.

Most marine underwriters made satisfactory profits in 1971 and 1972, but the downturn in their fortunes has been very serious since then. So much has compounded against hull underwriters—the very high rates of inflation, world currency fluctuations, including the fall in sterling, and intense competition for business during the worst shipping slump for many years.

Nevertheless, the opening of the Suez Canal has resulted in something of a "windfall." There has been comparatively little recovery overall for underwriters in connection with the hulls of the vessels which have been freed. For instance, for several vessels insured directly or re-insured in the London market, between 64 per cent and 78 per cent of the hull value had been paid and, as part of the compromise, owners were allowed to keep possession of the vessels.

In the main, however, when released the cargoes belonged to underwriters. More than £5m. had been paid out by underwriters at Lloyd's and by the volume of this business has British insurance company margins in claims. As a generalisation, it looks as though, across the board, insurers of cargo may break even or make a very modest profit. Despite the best of the sea and the land, the condition of many cargoes was found to be very much better than expected. There has been a substantial appreciation in the value of the lead on board three of these vessels, but, at the other end of the scale, cargoes of apples, naturally, were a com-

By no means all world insurers are anxious to write liability insurance for aircraft manufacturers. An increase in the volume of this business has been coming to London. In view of the risks involved, higher premiums have been secured in many cases. Increasingly, when there is a crash, claims are made against the manufacturer's liability can be proved by claimants, underwriters are likely to be faced with substantial fees charged by lawyers defending the interest of the manufacturer.

John Gase

Solvency margins under
close scrutiny

IN 1974 composite insurance suffered its worst underwriting setback since the late 1950s, and the industry has spent most of 1975 trying to retrieve this situation. Helped by the sharp upturn in the stock market it has been largely successful, and the outlook for composite insurance profits now points to a sustained cyclical upswing over the next few years. But the industry's recent problems are not easily forgotten, and the backwash of the 1974 troubles

can still be detected on several planes. After all, inflation is still galloping along at rates only slightly below the unprecipitated levels reached earlier this year, and on present targets it will be well into 1976 before inflation eases back to manageable proportions. At the same time the pattern of insurance investment this year illustrates the difficult task faced by the fund manager in applying available investment

formulas without repeating some of last year's mistakes. Still, 1974 is going to represent the nadir of the fortunes of the leading composite groups in respect of both earnings and balance-sheet strength (though Commercial Union still has special problems associated with its U.S. business).

Last year the underwriting setback in the industry occurred in virtually all major trading areas, and in general terms earnings were reduced across the board by a quarter from the peak levels of 1973. Broadly, the background to this deterioration was a combination of four unfavourable factors. The industry faced Government restrictions in many overseas trading areas as well as at home: competition was intense and business margins were held back by natural processes away from inflation touched unprecedented levels; and catastrophic claims reached an historically high level.

There was some compensation last year in that spiralling inflation drove up interest rates and enabled investment income to grow by around 32 per cent. for the industry. But against this the total collapse of stock markets around the world—in London alone the equity market dropped by well over half—cut deeply into the industry's reserves: average solvency margins for the sector narrowed to about 24 per cent. last year, compared with a legal minimum of 10 per cent. and an average for 1973 of over 60 per cent.

Up to 1974 the solvency margin was a relatively obscure analytical factor. But by the beginning of this year it had come close to usurping all other business ratios—and that in an industry famous for the breadth of its technical data.

Basically, the solvency margin is the ratio of a company's capital base—mostly share capital and reserves—to its annual premium income. The problem for the insurance industry in 1974 was that having invested in a combination of shares, fixed-interest stocks and property, the market value of its assets was falling sharply at a time when inflation was driving premium income up at a rapid rate.

Incomplete

However, analysis of solvency margins (and the reserve ratios of the composite groups) needs to be treated with considerable caution. The information currently available on both assets and liabilities is incomplete and not totally comparable between companies. Different groups adopt varying bases for the valuation of their assets while information is lacking in areas where key assumptions need to be made.

To some extent many of these problems have recently been eliminated by new Department of Trade regulations. Effective from February this year, the new regulations cover the valuation of assets. They do not apply to the companies accounts for 1974, but they will undoubtedly provide the analysts with more comparable data in future years. Further regulations dealing with solvency margins (possibly lifting the minimum level from 10 per cent. to 16 per cent. in line with EEC practice) are expected fairly soon.

Jeffrey Brown

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INSURANCE V

Overseas earnings feel the pinch

INSURANCE industry has had a strong overseas position; something like two-thirds of non-life premiums to overseas and in the Lloyd's underwriters the proportion of commission estimated to be as high as 40 per cent. In 1974, just a quarter of the U.K.'s net insurances—£1,566m.—was by the insurance industry, representing over two-thirds of the City of London's contribution to the balance of payments. The accompanying shows how insurance is apportioned between the companies, Lloyd's insurance brokers.

ever, the proportional contribution by the insurance industry to the total net invisibles has been on a long trend for the past few years as a reflection of recent inflation, competition and regulation. Lloyd's 1973 has been a loss, and 1974 could be a loss year. In addition, the recent report revealed that members, consisting of companies, sustained an average loss of £115m. in 1974 (compared with £19m. in 1973) due to the main to a combination of fire and accident losses. In 1974, investment income was 30 per cent to £377m., an overall profit of £1.1bn. but this is felt to be inadequate in relation to the income of £3.86bn.

Issues

U.S. was the worst hit for companies. Here a net loss was sustained (compared with a profit of £5.7m. in 1973) due to a combination of factors: a rough year for windstorm damage and liability problems in Australia too had a rough year under the impact of cyclones, the floods in Queensland continuing difficulties on men's compensation and accounts. By comparison, experience was mild with writing profits halved to £1.1m. in the wake of a fall in the rate of inflation and a deteriorating account.

lation has been a major factor. In the first place it means rate setting; the rate of fall of an underwriting account may often depend on how well a company assesses the future rate of inflation.

INSURANCE EARNINGS (£m.)					
	1970	1971	1972	1973	1974
Companies					
Underwriting (overseas business written in U.K.)	30	40	38	34	32
Direct investment (profits from overseas business written outside the U.K. through subsidiaries, etc.)	46	62	85	72	62
Portfolio investment	33	35	37	47	54
Total	111	137	160	153	148
Lloyd's					
Underwriting (overseas business written in U.K.)	121	133	131	126	124
Portfolio investment	14	18	18	21	24
Total	135	149	149	147	148
Brokers	50	55	58	60	76
Total Insurance	296	341	367	360	372

tion rather than on its ability to calculate the incidence of claims. Liability claims often run to three-to-four years settlement and a sharp rise in the rate of inflation, as has occurred in the last two years, is bound to unsettle calculations. At the same time, the increase in premiums which results from inflation places a strain on the solvency margins and capital bases of composite insurance companies.

Threat

The cyclical trend in underwriting profits depends also on the degree of capacity in various markets. After a buoyant period, both marine hull and aviation business drew in competition (U.S. life insurance companies in the case of aviation) and the combination of low rates and inflation posed a threat to the company's liability to longer term claims. Government regulation while causing losses directly, as in the case of retrospective increase in workmen's compensation in Australia, can also redirect an excessive amount of business away from an established area. Thus the nationalisation of motor insurance in British Columbia forced underwriters elsewhere (the ten largest Canadian companies wrote only one-fifth of premium income in 1973).

Recent stockbrokers' reviews of North American markets paint a rather brighter picture for the future. In Canada, capacity is coming into line with premium volume and large rate increases in commercial and automobile classes. Rate

increases are also coming through in the U.S. following a three year premium freeze in the automobile and home-owners classes, although this has only reached the commercial classes of business so far. Rate cutting and competition in the U.S. attracted companies to Western Europe on a small scale but harmonisation of insurance law remains an imponderable.

Although many companies have withdrawn from Asia and Africa in recent decades as a result of harsh regulations or outright nationalisation it is still the case that increases in the volume of insurance business tend to elude local insurance companies and pass into the hands of international insurance and reinsurance centres. The problems of capacity and technique that have traditionally plagued the developing insurance industries have been exacerbated in 1973-74 by an acceleration in the pace of industrialisation and external trade following the commodity boom. In general, such insurance markets do not have the capacity to handle the new era of industrial complexes, motor car-owning populations and so on with all their attendant rating and risk assessment problems. The recent concentration of a large quantity of risks in a short space of time has emphasised this point and, according to a report from UNCTAD in June, there are signs that overseas companies are re-establishing positions lost during the 1960s.

But while the door has far from closed on the ambitions of Western insurance companies, the developing countries have taken several steps to improve

their position. After all, the domestic insurance industry has an important role to play in strategies of economic growth in channelling savings into economic projects and stemming the outflow of foreign exchange. While nationalisation can achieve little by itself in strengthening domestic insurance markets, the developing countries have also taken broader steps to increase their ability to retain more of an existing premium business. The major example is that of forming regional reinsurance pools. In Asia there are plans to establish an Asian Reinsurance Corporation and the same developments are under study in Latin America and Africa. There are, however, some important obstacles to be overcome. The most pressing objection is that joining together a number of unsound markets is not a guarantee of overall strength, and participating companies may be the most aware of this difficulty.

Underlying

The overseas experience of the U.K. insurance industry may now be improving, which is largely a testimony to the self-correcting nature of the industry. However, many underlying problems remain. A recurrence of sharply rising inflation rates and consequent tightening of government regulations together with a stepping up in competition, once the present overcapacity is worked out of the system, may leave the industry back where it stood two years ago.

Terry Wilkinson

Brokers seek to polish their image

INSURANCE broking industry is, at great pains at the moment to assert itself and impress upon an unappreciative public its vital role in our economy. Mr. Francis Perkins, President of the Corporation of Insurance Brokers, speaking at a dinner last week, stated that to the assembly of British insurance brokers, premium income into the London market at a rate of over £1.1bn. a week and over £1bn. a year.

T. Bowring, one of the leading broking houses, has been taking advertisements in the national Press showing the group earned insurance premium income of over £177m. in 1974. Of that sum, a large part came in dollars, and the statement from the company indicated that a 50 per cent rise could be on the cards in 1975. It is pointed out with a little bitterness by the industry that despite performance such as these only one insurance broking company has received the Queen's Award for Exports.

Vulnerable

It is certainly true that the industry is feeling just a little vulnerable at the moment. Mr. Peter Shore, Secretary of State, after the various factions of the industry last June to get together with a view to getting some sort of proposals which would give the real insurance broker some real status. At the moment, it is possible for anyone to set up a shop in the High Street and call himself broker. There are also the separate broking bodies: the Corporation of Insurance Brokers, The Association of Insurance Brokers, The Federation of Insurance Brokers and the Lloyd's Insurance Brokers Association. All have their own rules and guidelines. The letter

was a clear indication to the industry to either sort itself out voluntarily or be sorted out at some later stage by the DOT. Naturally, the brokers have rallied fairly quickly and draft proposals are expected to be passed to Mr. Shore within the next few weeks. Self-regulation is clearly the better alternative to strict legislation.

The proposals could well contain a recommendation to implement some form of Code of Conduct. It is also likely that any newcomers to the industry will have to satisfy certain solvency requirements and, on a personal level, employees will have to reach certain educational standards. Companies and people already involved in the industry are unlikely to be affected, otherwise it could mean that someone who has sold life insurance all his working life, but is now unable to satisfy the educational standards, could be thrown out of a job.

The reasons for the Government taking an interest after all these years can probably be laid squarely at the door of the life assurance side of the business. Failures among the insurers—National Life is one example—have been partly blamed on insurance brokers. New companies in the life assurance market have often paid over the top commission rates in order to attract new business. Some brokers have been only too willing to go along with this and the insurers have found themselves faced with masses of what is basically uneconomic business.

The more responsible members of the industry are aggrieved at the moment that they should be wasting so many man-hours on dealing with Government inquiries when they could be out earning more could be out earning more for the foreign exchange for the country. Costs for brokers, like everyone else, have risen sharply

in recent years and any lost business means a great deal.

Brokers are also upset that the Policyholders' Protection Act affects themselves as well as the insurers. Now it is law, it will mean that in the event of an insolvency in the insurance industry any brokers who earn in excess of £5,000-plus per annum from that company will have to pay back to the insolvent company a large percentage of the commission received for the previous two years prior to its demise. The brokers argue that in the event of an insolvency they are likely to be creditors anyway through any commission that is owed, and that for a small broker who has already paid his staff over the period the effect could be crippling. Any hopes that the broking companies may voluntarily rally round to help a failing broking company appear to be in abeyance.

Alarming

Even more alarming is the possibility that other countries throughout the world, in which the brokers at present successfully operate, may copy the Policyholders' Protection Act as being a model for everyone. The situation could arise where claw-backs of commission could be in force to such an extent that it could become commercially unattractive to operate in some areas. The brokers see this as an example of the Government intervening in commercial affairs—it simply does not understand.

Brokers have another problem on their hands with the changing of the rules on commission rates. In the past, commission has been struck on some policies, on the sums assured. From July next, following an agreement enacted by the LOA and the Associated Scottish Life Offices and with the acceptance of the

leading broking organisations, commission will be paid on premiums. The implications for some brokers are serious and many have opposed the change.

Since most broking firms are selling policies issued by member firms of LOA or its associate, the official bodies representing the industry have had little option but to go along with the changes. However, the Corporation of Mortgage Brokers has publicly disassociated itself from the new structure. Some of the life companies themselves are opposing the change. Equity and Law, which left the LOA four years ago, is refusing to be bound by the new agreement.

The main purpose of the change is to ensure as much as possible that intermediaries selling insurance are as impartial as possible—that is, that they not only sell the right type of policy but that they sell the appropriate company's policy and are not swayed by high commissions. There is some debate as to whether the new rules will actually achieve this objective.

Brokers are therefore anxious on a number of fronts, and there is little doubt in the industry at present that any further pressures will force them into large units in order to stay off costs. There was one example last week with Alexander Howden making an agreed £124m. takeover of Halifax Shear—both are public companies.

For the time being, the U.K. insurance industry, on both sides, suffers from far less legislation than its foreign competitors. But it is up to the industry to prove—especially to EEC members, with whom there must eventually be harmonisation—that self-regulation actually works.

Keith Lewis

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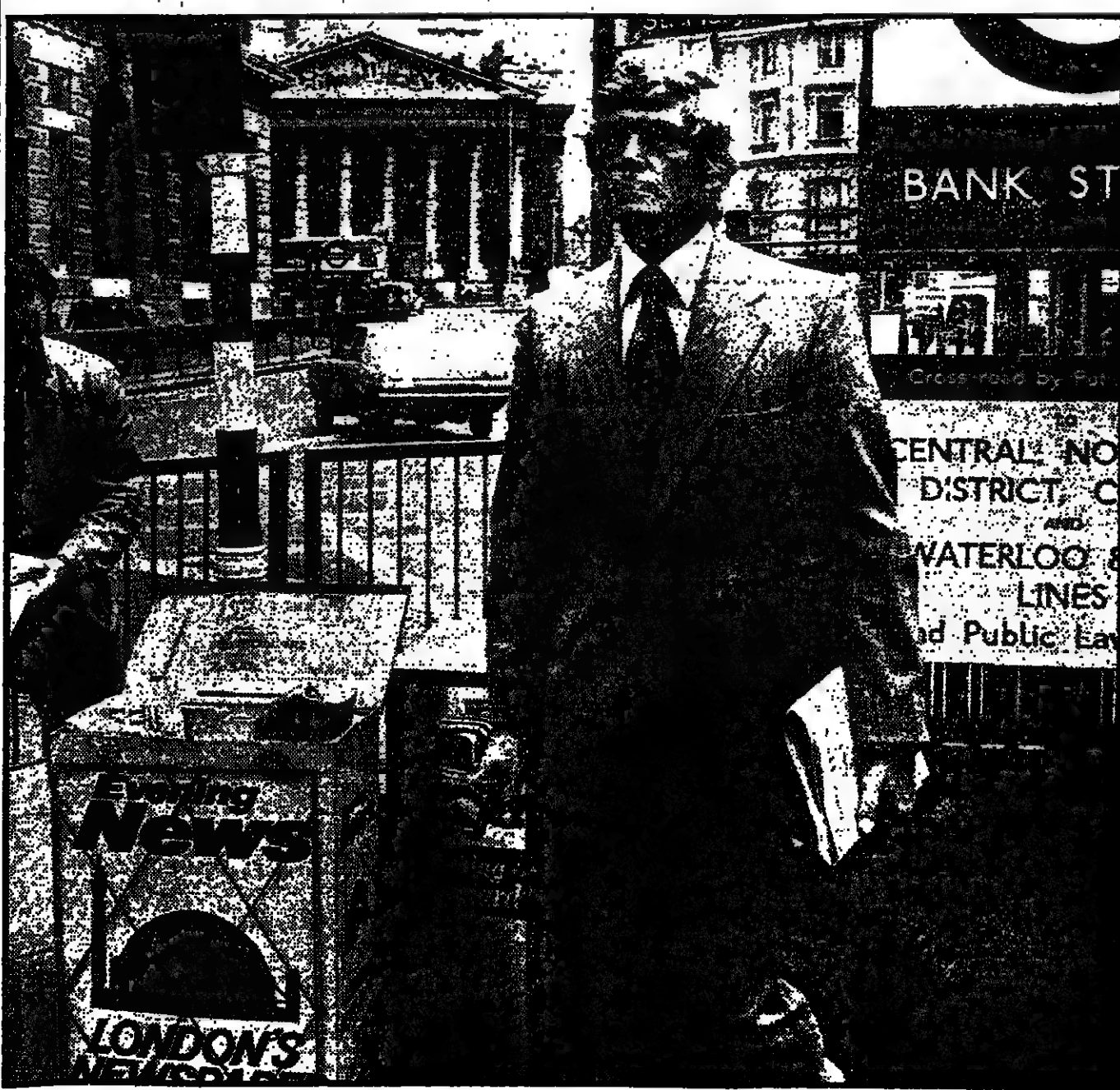
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INSURANCE VI

Positive approach to pensions

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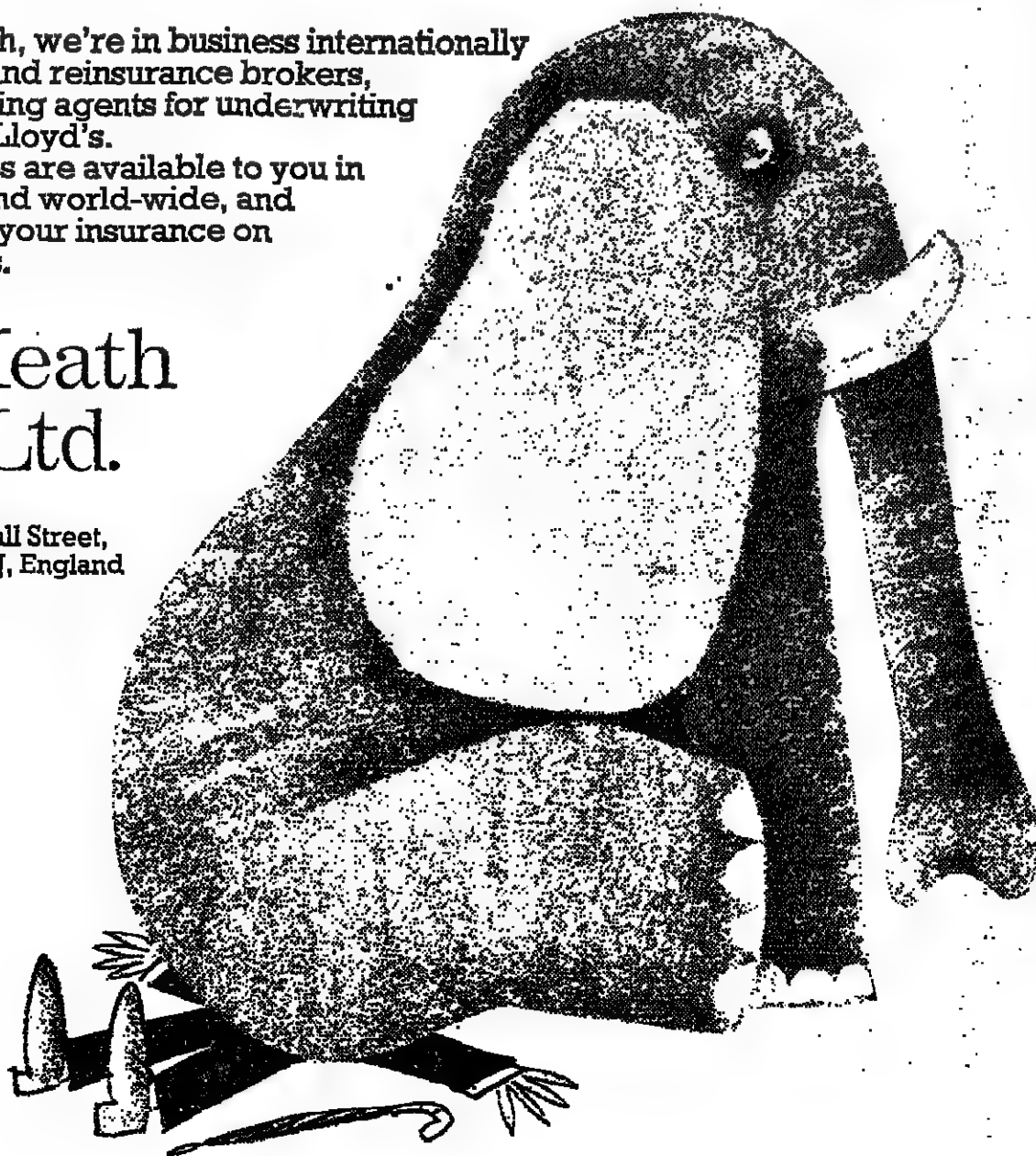
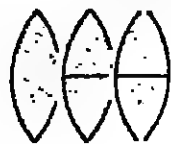
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EVER SINCE the Beveridge Report some 30 years ago it has been socially accepted that an adequate retirement pension for everyone is an ideal worth striving for. Indeed, it is generally agreed that pensions need to be higher, but successive attempts at improving on the flat rate of pension have fallen by the wayside over the past decade. The obvious ideal is some sort of earnings-related State scheme as embodied in the Social Security Pension Act, 1975.

This Labour Government scheme has been accepted by all parties through Parliament, so at last it seems that a scheme will stay with us for a few years at least. Earlier attempts at reforming retirement pensions—the Labour Government's Crossman Plan and the Conservative's State Reserve Scheme—have both fallen with changes of government. But at last politicians have realised that a positive approach to a State scheme has been put off for too long.

At present, both the life companies and industry seem to be sitting back, for two basic reasons. First, though the Act is on the statute book not all the regulations have been completely formulated, and life offices will have to await full information before they can offer advice on particular schemes. Secondly, there is Mr. Michael Foot's line that any improvement in pensions would have to be taken against the Government's £8-a-week policy, and almost certainly employees will opt to have their increase in the hand rather than as deferred earnings in pensions.

There are certain exceptions on this point, but in the main the rush which the insurance companies hope to see to improve pension arrangements and contract out of the State scheme will not arise until after July, 1978. Legal and General, for example, will not be jacking companies with existing schemes until April, and starting at the largest it hopes to have advised all its clients within a year. The Prudential also indicates that it will not be able to give an opinion on industry's attitude to contracting out until around April, so presumably its timetable is similar to L and G's.

The Occupational Pension Board suggests that industry does not delay in opening discussion with the insurance companies for once a scheme is formulated three months' notice to employees is necessary, and union negotiations can take some time.

It would be unrealistic on the part of the life offices if they did not expect some employers, with private occupational pension schemes, to contract into the State scheme. Employers may be put off private schemes because of the influence of inflation, and the commitment to keep pensions up in real terms. For example, if an employee leaves after ten years' service when he is only 35 the company will have to revalue his pension through to retirement. However, the Government has limited liability by its 5 per cent. inflation factor for five years, subject to paying a lump sum into the State fund, and the Government will accept responsibility for revaluations above this limit.

The Government's ideal is to

PENSION AND LIFE ASSURANCE SCHEMES IN THE U.K.					
Schemes in force at end of year	1969	1970	1971	1972	1973
Total estimated membership	5,87m.	6,24m.	6,45m.	6,53m.	7,59m.
Total yearly premiums	£m. 371	£m. 403	£m. 431	£m. 479	£m. 538
Total prospective pensions per annum	1,290	1,400	1,590	1,800	2,040
Total pensions per annum in course of payment	76	90	102	113	128
Total lump sum benefits on death before retirement	3,380	9,320	10,490	11,300	13,700

PERSONAL PENSIONS					
(included in the above table)	1969	1970	1971	1972	1973
In force at end of year	258	278	311	395	485
Number of policies in force (000)	£m. 18.10	£m. 21.10	£m. 22.80	£m. 37.00	£m. 50.60
Yearly premiums in force	69.60	73.60	85.60	120.00	159.00
Deferred annuities per annum in force	1.24	1.23	1.25	1.34	1.55
Reversionary annuities per annum in force	4.38	6.87	7.10	8.56	11.90
Annuities per annum in course of payment					

Earnings

Basically, the Social Security Pensions Act attempts to add a second-tier earnings-related pension to the flat rate, so that when the scheme comes to maturity in 20 years' time pensions will be related to past earnings. The second part of the scheme can be provided by private occupational schemes through life offices, providing they meet certain minimum requirements, with a corresponding reduction in the contributions to the State scheme.

Apart from relating pensions to past earnings, the next major aim of the Act is to maintain pensions in real terms. "Inflation-proofing" pensions by the private sector was an obvious cause of concern for industry, but the Government has accepted the argument that industry cannot bear this open-ended commitment, so the Act does not demand that industry maintains the full real terms. The Government has limited the need to upgrade the guaranteed minimum pension by only 5 per cent. from industry.

The Act also ensures that the ultimate pension is not influenced by the number of times an employee changes employment. For the private sector the aim is to pay a preserved pension for an employee who has left, revaluing it in line with earnings.

The Government's ideal is to

achieve an integrated partnership with occupational pension schemes through the life offices, providing of course that the life offices' schemes meet the minimum requirements. The major decision facing employers now is whether to continue with private occupational schemes, amending them if necessary, perhaps getting up new arrangements, or whether to contract fully into the State scheme.

At present, both the life companies and industry seem to be sitting back, for two basic reasons. First, though the Act is on the statute book not all the regulations have been completely formulated, and life offices will have to await full information before they can offer advice on particular schemes. Secondly, there is Mr. Michael Foot's line that any improvement in pensions would have to be taken against the Government's £8-a-week policy, and almost certainly employees will opt to have their increase in the hand rather than as deferred earnings in pensions.

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Natural

The most common reason for employers to contract into the State scheme will probably be the case of where the private occupational schemes offered to employees (more usually blue collar workers) meets the minimum benefits. In this case, to bring the occupational schemes in line with the Government's new minimum requirements may be as much as quadruple costs, and for this reason contracting in will be a natural reaction.

No doubt employers with existing good schemes will automatically contract out. However, employers wishing to contract in may find considerable employee resistance. The unions will certainly appreciate that from July, 1978, onwards, when improvements to their schemes will not be set against

possible wage awards, it is a good chance of advancing their conditions of employment if only in the form of increments in a higher pension. Certainly union pressure on employer's decision whether to contract into the State or not will play a great role for by law the unions must be consulted.

Furthermore, as the employers can contract out now the option of changing minds five years after scheme starts in 1978, some will be willing to take up occupational schemes to up goodwill with employee see what changes if a Government makes in. Such are the factors could keep employers out of the insurance company policies, but what the re from industry will be it too early to tell.

For the self-employed to a safe financial retirement in a private pension with one of the life offices either as a with or a profits policy or a unit one, payable in regular premiums.

At present it would be advisable to aim at the minimum policies. These closely related to current conditions, and the buyer can add to the best of the Government's measures to maintain pensions for the employed terms, it is a possibility similar move will be on behalf of the self-employed some time in the future, as legislation is unlikely retrospective to existing policies, so the flexibility of premium policies may be useful.

Terry G

Motor premiums still under pressure

Last week's announcement from the Co-operative Insurance Society that it was raising its motor premiums by an across-the-board 13 per cent. was novel, only in so far as it represented the first announcement of rate increases applicable in 1978. High and frequent premium increases have been the order for the motor insurers over the last 15 months as they have adjusted to rapid inflation in repair costs, and although the worst of the increases may now be over—with a trend towards smaller rises less often—there are still quite a few motorists in for a nasty shock when their policies fall due for renewal.

As far as the poor motorist is concerned, the fact that his insurance premiums have risen by something like 40 per cent. over the past year or so fits all too typically into the staggering round of overall costs which he has had to face. New car prices have risen by a similar percentage but a much larger absolute amount. Road tax went up from £25 to £40 in the last Budget, while the whole motor scene has really only just adapted itself to the horrors of a 90 per cent. increase in petrol prices between the end of 1973 and the end of 1974.

In a way the impact of huge increases in petrol prices in the wake of the Arab oil embargo and the exercising of OPEC's muscle power in the winter of 1973-74 served to ease pressure on insurers' margins, since the frequency of accidents fell with the fall in the volume of traffic. However, wage inflation in the repair business combined with rapid escalation in spare part prices has provided the impetus not only to larger but more frequent increases in premiums.

A survey by leading stockbrokers Rowe and Pitman, Hurst-Brown, published at the beginning of this month, indicates all too clearly the kind of cost pressures which leading

PREMIUM INCOME		
	U.K. Motor Premium Income 1974	% Total World-wide Premium Income
COMPOSITE		
Commercial Union	£m. 34.2	6.5
Eagle Star	29.8	15.0
General Accident	80.6	21.6
Guardian Royal Exchange	52.2	14.2
Phoenix (including Century)	26.9	13.1
Royal	36.1	4.5
Sun Alliance and London	53.3	9.9
Total	277.1	9.7
LIFE		
Legal and General	9.8	17.8
Pearl	7.0	30.4
Prudential	22.4	21.5

Source: Rowe and Pitman, Hurst-Brown.

motor insurers have found themselves up against in the last couple of years and the sort of premium increases they have had to impose to catch up with heavy underwriting losses. In whose financial status depends the 15 months to November, most insurance companies announced two, three or even four rate increases, and Rowe and Pitman estimates that the average motorist is now paying around 45p in the pound more for his insurance than he did in August, 1974.

The sharp acceleration of increases over the period is reckoned to have been a direct reaction by the industry to severe inflation in the cost of claims. The cost of a claim is estimated to have increased by almost 30 per cent. between July, 1974, and July, 1975—from around £115 to some £150. The underlying causes of this inflation are all too clear. In the 18 months between the beginning of 1974 and July of this year garage labour rates rose by a massive 46 per cent. while spare parts shot up by 47 per cent. and new car prices

increased by an unprecedented 52 per cent. The fact that such increases were unprecedented and indeed unanticipated had a severe impact on an industry whose financial status depends very much on the validity of its projections. As R and P's study points out, one of the key factors to bear in mind when examining the impact of premium increases on motor underwriting profits is the time lag involved. It takes 12 months to renew all premiums at a higher rate and a further 12 months before the higher rate is fully earned, so the increases seen over the past 18 months or so will have some importance in this year's results but will have a much greater impact next year.

R and P thus calculates that the average premium for the ten companies they examined was £35.90 last year, will be £41 this year and £51 next year. It is important to bear in mind that the rise between this year and next does not represent the prospect of a further 20 per cent. increase but consists of the increases already announced applying to more and more policies as they fall due for

renewal. R and P's study applies seven composite companies: Commercial Union; Eagle General Accident; Guardian Royal Exchange; Phoenix (including Century); Royal Sun Alliance and London to three life companies: Legal and General; Pearl, and Prudential. These ten companies account for a 62 per cent. of all U.K. insurance.

Rate increases in 1973 modest, averaging around cent. and this trend continued during the first eight months of 1974—when the average of increase dropped to 5 per cent. This reflected the decline in frequency of claims in the part of the year when the crisis was having a major impact on the amount of motor insurance. Commercial actually lowered its rate during this period.

This pattern changed in September, 1974, and following 15 months saw four increases from each company producing an average of 42 per cent. ever, although the increases may now have announced their impact insurers' earnings will not fully felt until 1976. But will be some impact this year. According to the Insurance Association, the all profit on motor business year was a marginal 0.3 per cent. Rowe and Pitman out that if—as indicated by rise in cost indices—a 25 per cent. increase in losses for is assumed, then the company analysed could show losses some 5 per cent. of premium income for the current year. However, once announced increases have full impact then R and P late that the industry break even again in 1976.

Peter Fo

INSURANCE VII

Jolt for the life offices

THE unit-linked life offices have always been the riskier end of the business, the traditional life offices also had their share of problems last year. These arose from the severe drop in the equity and bond markets, but the industry was sufficiently resilient to prompt a lot of pre-arranged bonuses and rates.

Particular, the actuarial rates and benefits came under pressure when a number of companies' terminal bonuses were reduced but this was not the superior technical life company—rather was it the company of the cuts in terminal and surrender values.

It is that everyone accustomed to stability of traditional life insurance last year proved that conditions which have since World War II necessarily carry on for the reason why reversions did not suffer was that interest rates were high and the main part of the bonus level general level of interest

rates are of course not immediately in the life business, but the reason for the upward progression of rates over the past 20 or 25 years has been the rise in rates over the period.

It would take a brave man to predict that interest rates will enter on a downward path now on, but if the experience so far were reversed it would be very difficult to adjust the rates on new business.

Need to adapt to changed rates was evident last year in terminal bonuses and surrenders. The terminal bonus was first introduced a decade ago to enable the company to pass on the

profits on the equity portion of its life fund to the policyholder. This reflected the conditions of the 1960s, when equity values were rising sharply and companies were under some pressure to compete with the emerging unit-linked sector of the industry. But the terminal bonus tended to be viewed as an immutable payment and it was an actuarial wrench last year when some companies cut their payments sharply.

Emotive

It is worth remembering, however, that there is very little consensus within the industry on terminal bonuses to the extent that from a recent sample of 93 companies there were still 37 which had never paid a terminal bonus at all. Surrender values are more emotive where policyholders are concerned and the sudden drop of cold water last year came when 'Scottish Widows', Equity and Law, and Royal Insurance lowered their surrender values sharply because of the fall in equity values.

This may sound a fearful tale of woe but of course the troubles of the traditional life sector in 1974 have to be set against the infinitely greater troubles the unit-linked business found itself in. And despite the fall in underlying investment values, which certainly registered on the public mind, life insurance premiums maintained their level in 1974 and have been gathering pace this year.

But there is a continuing move for change in the traditional life field despite the return of good times (notably the recovery in the equity market) and this is exemplified in the commissions paid to intermediaries. Commission payments have always been a thorny problem and the new structure approved by the two life office associations has by no means met with universal approval.

What it does is to weight the scales away from selling whole-life policies by switching the basis of commission from the

size of the sum assured to the level of premium income. What this means is that there is now more incentive for a broker to sell an endowment policy (especially over a shortish term) than a whole-life policy. At the same time the commission levels on term assurance have been improved so that this form of protection is more attractive for the agent to sell. The unit-linked sector had an even rougher time than the traditional side of the business in 1974 for obviously its unit values were directly geared to conditions in the equity and property markets. Some of the newer companies which were most associated with linked business also got into difficulties with guaranteed income bonds which were all the rage at the beginning of the year and there is little doubt that the precarious nature of some of these products has made a lasting impression on the public consciousness.

In particular it is now much harder for a small little-known company to make its way in to-day's conditions merely by paying high rates of commission than its more established competitors to the brokers and other intermediaries. This may be unfair but I feel that it is for the overall good of the industry that the commission area should not be a "free-for-all" jungle and that newcomers should have to prove their worth over a period of years.

In any case, the days of the "cardboard" life assurance company are numbered now that the unit-linked industry is becoming progressively interwoven with the traditional field. There are comparatively few of the well-known large traditional companies which do not have a finger in the unit-linked business.

There has also been a substantial recovery in the sale of unit-linked life assurance this year. According to figures for

the second quarter released by the Linked Life Assurance Group regular premium ordinary business advanced on the quarter by 27 per cent and there was a real upthrust in single premium business, where sales for the quarter were 86 per cent higher than for the first quarter at £24.4m. This can be somewhat deceptive, for the biggest factor in the property bond business, Abbey Life, probably accounted for the lion's share of the increase.

But it is nevertheless the case that all the companies which weathered the storm in 1974 seem to be doing well this year and that inflation has been good for premium income. Companies are now for the most part keen to increase their regular premium income rather than major on single premium policies, experiences for last year's demonstrated only too clearly the dangers of relying on bulk business which could cause a serious imbalance to a

life fund if it suddenly disappeared. One point about the unit-linked field nowadays is that it lacks the continuous stream of new products which used to be one of its main features. Admittedly there has been the rise of the "money" fund, but this was really an extreme measure by the industry to keep people within the fold when the going got tough. New plans now are inclined to be variations on a theme rather than purely innovative and they often have a specific class of investor in mind.

Two random examples are the Langham Wisp plan (designed especially for women) and the new Schlesinger Moneymanager plan for the higher rate taxpayer. The latter is really a device for enabling the investor to gain a tax advantage by transferring money out of a fund into a life assurance policy and back in again.

Christopher Hill

Active skirmishing over pay claims

THE INSURANCE industry, after conceding pay increases last year totalling over 30 per cent for many of its employees, is obliged in its present negotiations to comply, like all other industries, with the Government's current counter-inflation pay policy.

But although most other industries, especially those in the public sector, appear to be bowing to TUC pressure to award the maximum £5 a week rise allowable under the policy, insurance industry employers look set to make a determined stand to award graded increases so as to safeguard pay differentials.

Here they are in a better position than most other industries, as TUC unions represent only about a quarter of the 200,000 or so staff employed in the industry—even though most of these belong to the militant Association of Scientific, Technical and Managerial Staffs (ASTMS), which is taking a hard line on the £5.

Insurance employers are only too well aware that much of last year's pressure for improved salaries came from the middle and higher grades of staff seeking to restore lost pay differentials and that to agree to flat rate payments this year would only be storing up more problems for the future.

On the other hand the ASTMS—the largest TUC union in the field, claiming almost 80,000 insurance members—is equally eager to impose the TUC policy of seeking £5 increases all round.

The first skirmish was won by the employers recently when ASTMS members employed by the Manchester-based Co-operative Insurance Society (CIS) accepted increases of between £2.50 a week for juniors, with

other staff receiving between £3 and £5 depending on grades.

ASTMS officials, who are clearly embarrassed by the Co-operative Insurance situation, maintain that their CIS members accepted the deal without union officials becoming involved. They are more optimistic at Prudential Assurance where 4,500 staff have voted in favour of imposing sanctions to win the full £5 rise.

The Prudential situation is seen as something of a test case for the industry, as its annual negotiations traditionally precede those of the other major London-based insurance groups.

Prudential has offered the full £5 rise to the 3,000 or so staff earning over £2,310 a year. Other adult staff have been offered increases ranging down to £4.30, while juniors are offered between £3 and £4 a week—increases which the company maintains match the rise in the cost of living since an interim pay agreement last April.

Events at the Prudential are likely to influence forthcoming pay negotiations at other major insurance companies, which recognise the ASTMS as well as those which negotiate with company-based staff associations.

They may also have some influence on ASTMS penetration into the insurance field which, after rocketing from nothing in 1970 to a claimed 40,000 inside two years, has now slowed down until it is based more on general recruiting than on the wholesale mopping up of existing staff associations of a few years ago.

ASTMS does however, plan to use the provisions of the recently enacted Employment Protection Act to seek recognition at several major insur-

ance companies in which they claim membership but which only recognise staff associations. Commercial Union and Eagle Star are understood to be high on the list for such action once the Act's new recognition procedures are implemented.

It also hopes to absorb more of the 25,000 insurance agent members of the National Union of Insurance Workers, having already mopped up the union's Pearl and London and Manchester sections.

Inroads

But the ASTMS is not the only TUC union seeking to woo or absorb the existing staff associations. The Association of Professional, Executive, Clerical and Computer Staffs (APEX) recently made significant inroads into the industry, announcing in the process the TUC in general and the ASTMS in particular.

APEX came out from the blue to woo successfully the 5,000-strong staff association at General Accident where the ASTMS has been battling for years to secure recognition.

A merger between APEX and the staff association was deemed in breach of the TUC's Bridlington anti-poaching agreement by a TUC disputes committee which instructed APEX to unscramble the merger, as ASTMS was the "appropriate" union for the staff concerned.

However High Court moves by the staff association's president Mr. Charles Rothwell secured an injunction overturning the TUC ruling. Thus APEX kept its foot in the insurance door and now hopes to go on to recruit further in the industry.

APEX already claims some

5,000 members in the insurance industry and according to Mr. Roy Grantham, its general secretary, is engaged in talks "with a lot of people" in insurance and other finance sectors. The National Union of Bank Employees is the other union with its foot in the door by way of a recognition agreement with Ecclesiastical Insurance and substantial membership at Sun Life Assurance Company of Canada.

NUBE is no stranger to jostling for position with staff associations and other unions like ASTMS and APEX. Both these TUC unions vie with NUBE for membership in the largely untapped building society sector, while ASTMS has some 10,000 members in banking after taking over the Midland Bank Staff Association two years ago.

On the staff association front NUBE has been both fighting and wooing the bank staff associations for many years. The entry of ASTMS into the banking field acted as a catalyst for merger talks between NUBE and the three other main clearing bank staff associations—NatWest, Lloyds and Barclays—but these talks have all but broken down now that it has become apparent that the threat posed by ASTMS was not nearly as great as at first feared.

NUBE, which wants the three staff associations to join in one centralised union, is threatening to challenge their registration as trade unions under the Employment Protection Act. But the staff associations, which will only merge with NUBE to form a loose federation of largely autonomous sections, are confident that they can answer any charges of financial dependence on their respective managements.

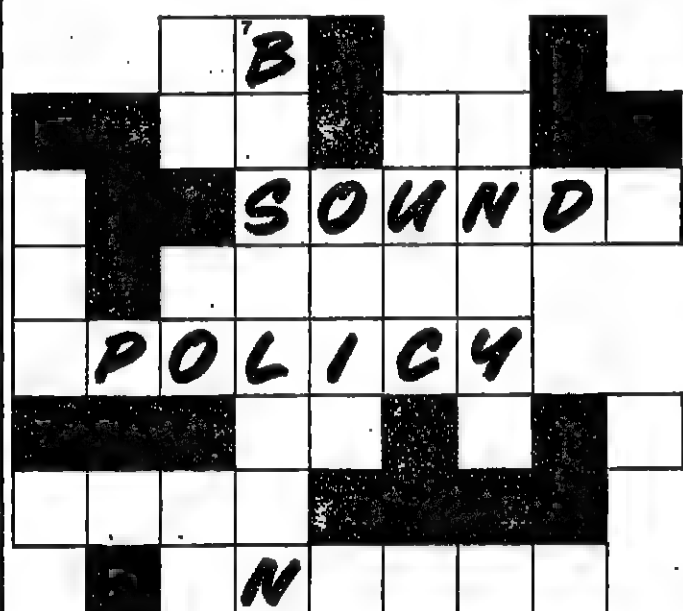
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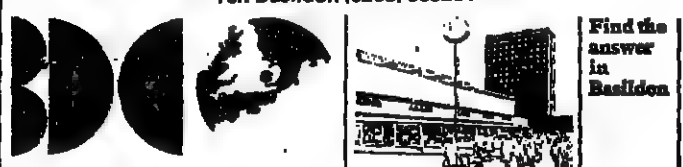
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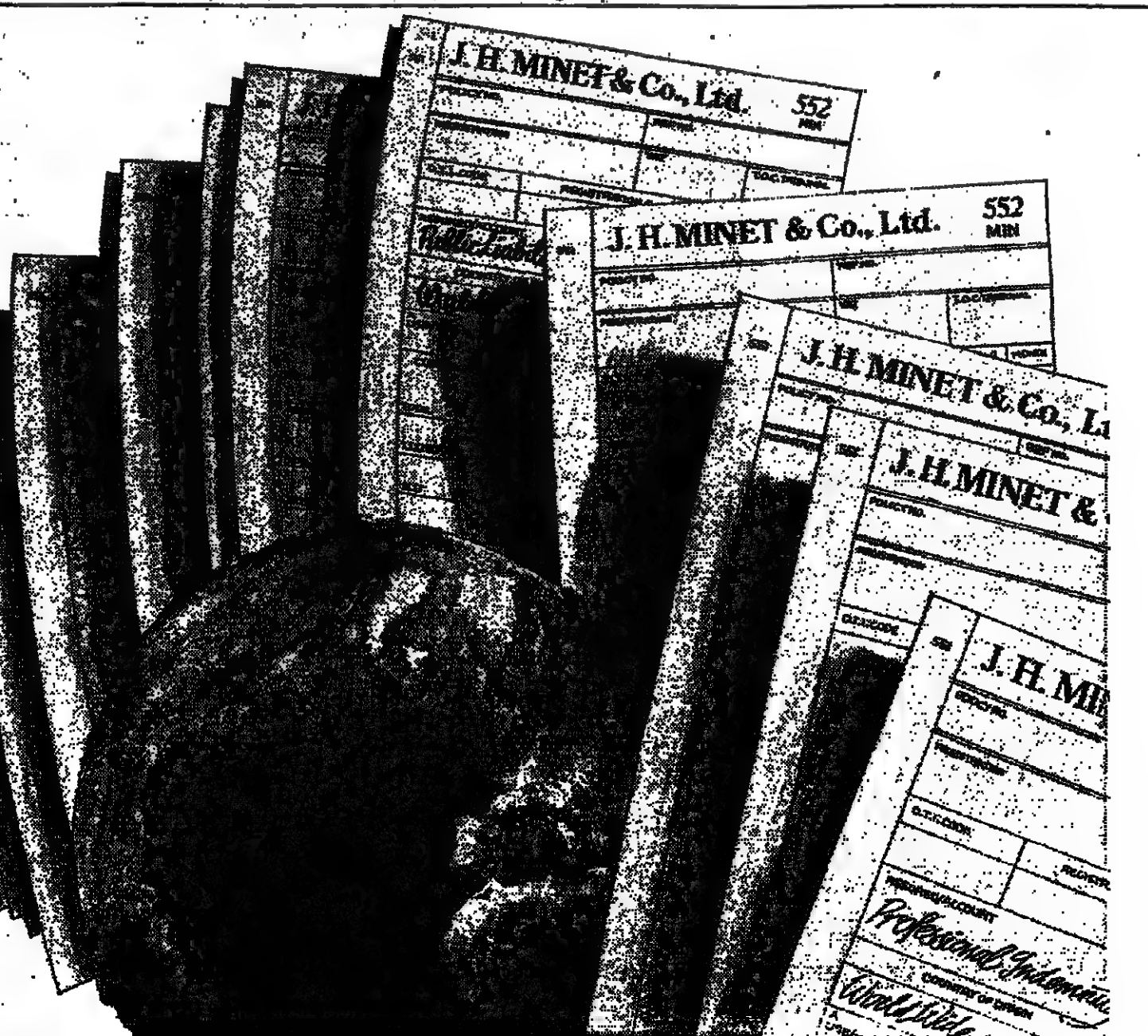
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**FT BUSINESS**
UNION NEWSLETTERS

Tom

David W

Again on the motor side the BIA has set up a motor engineers' unit with the smaller company in mind. The engineers, which cover the rural areas, where presumably the smaller companies are thin on the ground, basically work from home and are on call to report and estimate on car damage. These engineers are organised into five administration areas, while the set-up as a whole is a purely self-financing operation.

Routine work is continually taking place to further the development and the promotion



1879
Florence
Italy

COMPANY NEWS + COMMENT

Lucas Industries plans for growth

GROWING OPPORTUNITIES for car exports, but no increase in home demand, is forecast by Mr. Bernard Scott, chairman of Lucas Industries, the vehicle and aircraft equipment and industrial products manufacturers.

The group expects strong growth in its European and other overseas businesses to continue as the rising trend in demand emerges, he declares. But noting that the rate of profit earned by the U.K. companies is much lower than overseas, Mr. Scott stresses that "all efforts" must be directed towards bringing about a general improvement in U.K. profitability.

The directors do not under-rate the problems arising from the effects of the world-wide recession and the prevailing high rates of inflation, but they are confident they have the management and financial strength to meet the situation. "We are laying our plans so that we are equipped to move forward strongly just as soon as conditions improve," the chairman adds.

He reports that there are now signs that the U.S. and European economies are beginning to emerge from the recession which affected the group's worldwide businesses in varying degrees in 1974-75, but no great improvement in the economic conditions can be expected in the U.K. during the coming year.

Mr. Scott points out that the price of fuel has placed the running cost advantage clearly with the diesel over the petrol engine and this has raised a strong demand for this kind of engine throughout the world.

The Lucas subsidiary, CAV, is the principal world supplier of fuel injection equipment for high diesel engines and as announced in September, a £23m. expansion is planned in the U.K. over the next two years. Additionally in the same period the group is planning to spend £10m. in its overseas factories for manufacturing similar equipment.

The programme is ambitious and will take time to become established but in future years it will greatly increase the level of business and profitability, says Mr. Scott.

The group is also continuing with its research and development programme which in the past year cost £22m.

Continental Europe continues to be the most important growth area for the business. During last year, turnover of the subsidiaries and share of associates amounted to £115m. (£72m.). Business in Europe has trebled in the last three years.

As reported on November 11, group pre-tax profit for the year to July 31, 1975, was £33.3m., an increase of 14.7m. over the previous year when results were seriously reduced by the effects of the three-day week. Of this year's profit £18.4m. was earned in the U.K. and £14.9m. overseas.

The results were achieved in the face of the world-wide recession, the effects of which were particularly badly felt by the car industries throughout the world.

HIGHLIGHTS

The Lucas Industries report reveals exciting prospects in both Europe and its diesel engine interest which more than justifies the recent strength in the share price. Apart from the Lucas report the week-end post bag is small but the current week offers more activity. On Thursday the third quarter figures are due from ICI along with prelims from Lorrain and half-time results from the 600 Group. On Wednesday interim figures are scheduled from Johnson Matthey and Tesco while to-morrow Associated Newspapers is producing its half-time statement.

On the other hand, the group gained from the strong world-wide demand for diesel engine equipment.

The increase of over 40 per cent in overseas profits was achieved despite lower demand in some areas and reflects continued progress. Exports from the U.K. increased from £72m. to £94m.

Total dividend for the year is raised from 4.9245p to 5.2552p net. Turnover of the aircraft business increased from £11m. to £17m., but the financial result was unsatisfactory. There is now "considerable improvement" in the understanding of the many problems at every level but economic conditions can be expected for the current year.

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either in the U.K. or overseas should not be ruled out. Guinness Mahon and Co. holds 47.25 per cent and Marc Gregory Holdings (in liquidation) 39.11 per cent of the Ordinary Capital.

Meeting, Great Eastern Hotel, E.C., December 15, noon.

Macallan Glenlivet warning

At the annual meeting of Macallan-Glenlivet, Mr. G. C. Harbison, chairman, forecast a "substantial fall" in profits in the current year to July 31, 1976. For the year 1974-75 profit was £0.48m.

He told shareholders that the outlook had become clearer. The reduction of sales in world markets generally, and of Scottish bottled whisky sales in the U.S. in particular, indicated "a material reduction in orders of new whisky for the year 1976". Although there had to be some immediate retrenchment for the company, the directors considered that the current conditions, the impact of which upon the company was largely the result of the recent reaction of a major significant long-term effect on the customer, would "not have a company's sales".

At a time when the industry in general was having to cut back on billings, the company was continuing its programme of building up stocks, he added.

Charterhall Finance outlook

The coming year will be one of "immense importance" in Charterhall Finance Holdings, says the chairman, Mr. D. G. Williams, in his annual report. During the period plans are expected to be formulated for the bringing to production of the oil field in Block 21/1 North Sea.

While investment in other exploration activities will continue, the main objective will be to concentrate resources in maintaining this investment.

The group's interest in Block 21/1 and 21/6 now stands at 7.84 per cent through its shareholding in CCP North Sea Associates which was recently increased to 37.02 per cent.

This increase and the acquisitions of Whinsparken Investments and Alderman Securities have "materially altered" the consolidated balance sheet, members are told.

An unaudited pro-forma consolidated balance sheet shows total assets at £2,586,277, compared with £1,197,461 in the group

Greencoat long-term confidence

DESPITE THE uncertainties of the property market and problems of the Community Land Act and related legislation, Mr. E. T. Razall, chairman of Greencoat Properties, has "every confidence" that the long-term future of the group is assured.

The company has achieved its first priority of a return to profitability. As reported on November 19 group pre-tax profit for the year to June 30, 1975, was £165,000, against a loss of £230,000, and the dividend is 0.15p net (0.20p). Revenue increased from £574,000 to £1,213,000.

In view of surpluses obtained on sales of dealing properties since June 30, 1975, the directors envisage that subject to no unforeseen circumstances affecting developments in the U.K. or France, a higher profit will be reported for the current year.

And they are confident that the group has adequate cash resources for foreseeable requirements.

Accordingly, a policy of moderate advancement is proposed following the retrenchment of the last two years. Development of various properties in the U.K. and of the final phase of the group's residential site in the Languequed area of France is continuing.

The associated company in Scotland has commenced development of its main residential site in Aberdeen.

In addition it is proposed that acquisition of investment properties or sites for development of the right price, size and location,

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below is based mainly on last year's timetable.

TODAY
Interim: Jones & Sons Associated Companies, British Indian Tea, Clever Dairies, Walter Duncan and Goodrich, Rennie & Co., Lennons Group, Biscoe, Jolliffe, Property Investment and Finance, Fraser & Neave, Brierley, Southern-Brown, Calford Malins, James H. Dennis, Day Line.

FUTURE DATES
Interim: Baxendale & Hawkes Nov. 25
Kerr & Co. Nov. 25
Inchenco and Lamberton Dec. 11
Ingram (Harold) Dec. 11
L.C.P. Dec. 11
Latham (James) Dec. 11
Leigh Interiors Nov. 27
London and Midland Industrial Nov. 27
London Asbestos Rubber & Products Dec. 11
Norman Electrical Dec. 11
Pilkington Glass Dec. 11
Shaw and Martin Dec. 11
Sunderland General Investments Dec. 11
Whitcroft Dec. 11
Relative Assets Nov. 25
Dundee & London Invest. Trust Dec. 11
Worthington Dec. 11
Worthing (Boud) Dec. 11

whereas the Board considers that their total market value is "substantially in excess of this figure". As reported on November 20 there was a pre-tax loss of £166,541 for the year to June 30 compared with a profit of £70,578.

Meeting, ICA, Moorgate Place, EC on December 15 at noon.

General Occidentale -SWS deals

By Margaret Reid

The nominee accounts through which transactions in Slater Walker Securities shares have been carried out in recent months were confirmed yesterday to be those through which the 7.5 per cent holdings of Mr. Jimmy Goldsmith's Générale Occidentale and associates were handled.

The deals appear to have originated in an ultimately abortive plan last year for Générale Occidentale and the French motor group Renault — a holder of 5 per cent of GO — to take shareholdings in SWS, and for the latter to have an interest in GO. Mr. Goldsmith has taken over as chairman of SWS from Mr. Jim Slater on the latter's recent resignation.

Under originally projected deal, GO and Renault built up shareholdings in SWS, using the latter as their agent for the acquisitions. The holdings were placed in nominee names associated with SWS. The GO holding was of a total in the region of 5.5m. shares in SWS (whose capital is some 73m. shares), while Renault acquired a further undisclosed quantity.

Intended SWS-GO link scheme appears to have foundered on objections from official quarters in France. Following this, the Renault holding is believed to have been disposed of, but that of GO is understood to be still retained, though some at least have been transferred to accounts other than the original nominee ones.

Disposals of these kinds lie behind the reduction over the past few months in the holdings in the nominee accounts, it was indicated by sources close to SWS yesterday.

Better first half from Jersey Trust

Income for the first half to October 31, 1975 of Jersey General Investment Trust is ahead at £342,083, compared with £332,694. As known the interim dividend is being kept at 4p gross.

Income for the full year to April 30, 1975, was £9.89m. and dividends 9.5p.

Six months 1975 1974

Income	342,083	332,694
Expenses	16,480	17,725
Taxation	2,622	11,779
Attributable	283,477	283,690
Interim dividend	181,640	183,640
At October 31, 1975 investments were valued at £13.17m., compared with £14.8m. at April 30, 1975. Net current assets (x2) were £9.75m. (£9.93m.).		
Net asset value per £1 share was 263.25p (261.73p) including 64.78p (76.76p) investment currency premium. The contingent liability on the sale of foreign currency securities would be 16.19p (18.19p).		

Cautious optimism at Freshbake

THE FUTURE is regarded with "cautious optimism" by the directors of Freshbake Foods, says chairman Mr. W. A. Bullen in his annual statement.

Sales progress continues, with those of the first current year quarter running in line with budgets, he reports.

As known, significant accounting errors in the first half of the year to September 30, 1975, which meant costs were materially understated, resulted in a loss for the first nine months of £235,000 — this was reduced to £238,453 for the year as the result of a final quarter profit. There was an interim and only dividend of 0.125p (0.175p) per 3p share.

Mr. Bullen says penetration of the frozen food market continued as planned. The total sales increase for the year of 26 per cent, was greater in those sales in the growing home freezer sector.

The Sittingbourne plant is increasing its efficiency, and is "comfortably" placed to cope with the continuing sales expansion. During the year, raw materials were advantageously purchased and were enhanced by favourable discounts secured by bulk purchases from several of the larger suppliers, some of which were negotiated during the last quarter.

Thomas Borthwick and Sons owns 58.54 per cent of the capital. Meeting, Priory House, St. John's Lane, E.C.1, December 15 at 11 a.m.

Sotheby in joint venture

A joint company has been formed by Sotheby Parke Bernet and J. R. Minet Financial Management. Called Sotheby Minet Financial Management, its aim is to assist Sotheby's clients and their own financial advisers on tax aspects concerning works of art. This move has been prompted by the increasing impact which tax has on the owners of important collections. But the company, if requested, will undertake a general reassessment of the client's financial affairs.

Common Bros. we placed for any upturn

SHORT-TERM difficulties for shipping are not yet over, and the where recovery could lag current one, says Sir Rupert Speir, chairman of Common Brothers. Looking further ahead, Sir Rupert is confident the group is "well placed to take advantage of many opportunities which will come our way and ready to benefit from any upturn in world trade."

Improved liquidity provides the means to take up new opportunities by which the group can continue a "shipping supermarket," consisting not only of owning and managing ships but undertaking related services, the chairman adds.

Group net asset value per 50p share improved to 162p in the year to June 30, 1975, compared with 146p a year earlier. There is also a considerable improvement in liquidity arising from the sale of the m.v. Caribbean Venture and, more recently, from the sale of the m.v. Caribbean Enterprise for approximately £1.3m. more than book value.

As reported on November 12, group pre-tax profit expanded from £375,000 to £1,517,000 in the year and the dividend is raised from 4.432p to the maximum permitted 4.7297p.

Although policy of trading profits increased, the major part of the profit improvement arose from the disposal of the Caribbean Venture which provided a surplus over written-down value of £0.8m.

Swan Hunter Group owns approximately 18 per cent, and Merrett Investment Trust 10 per cent of the capital. Meeting, Newcastle upon Tyne, December 15 at 11 a.m.

Second Scottish Investment

The ordinary share content of the funds has been increased at the Second Scottish Investment Trust Company and the company has continued to extend overseas investment into Europe and the Far East, reports Mr. Angus Grossart, chairman.

The continuing world recession has affected the level of economic activity in all countries in which Second Scottish is invested, and at the same time the need to control the level of inflation has influenced in different ways the direction and firmness of the policies of individual governments, he says.

As reported on October 25, revenue before tax improved from £2.01m. to £2.13m. for the year to October 3, 1975. Dividends per 25p share are up from 1.85p to 1.87p net.

Mr. Grossart explains that in assessing the appropriate level of dividend for the year, the directors considered that the effects of the recession were likely to be protracted.

WEIR—94.4%
Weir Group's rights issue of 24m. by an issue of four at 50p per share has taken up as to 94.4 per cent balance has been sold in the market and the net premium considered that the effects of the recession were likely to be protracted.

Meeting, Winchester House, December 15, at 11.30 a.m.

THE INTERNATIONAL CONFERENCE ON PROJECT FINANCING

London, December 4-5, 1975
Speakers include: Peter K. Nevitt, Vice-President and Treasurer, Rohr Industries, formerly President The First Chicago Leasing Company, Warren White, Vice-President and General Manager, Bechtel Financing, vices Inc. Philip Auerberg, Partner, Arthur Andersen & Co. Sowers, Managing Director, Airlease International Management Ltd. Stephen G. Austin, Partner, Cadwalader, Wickersham & Taft, Executive Director, Amex Bank Ltd. John L. Chr Director, Edward Bates & Sons Ltd. Anthony S. Whyatt, Asst Treasurer International, Occidental Petroleum Corpora George A. Newell, General Manager International Banking, International Bankshares Ltd.

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First National City Bank First Pennsylvania Bank N.A. First Wisconsin National Bank of Milwaukee

Guinness Mahon & Co. Limited Irving Trust Company Italian International Bank Limited

Manufacturers Hanover Trust Company The National Bank of Australasia Limited

The Philadelphia National Bank Rainier National Bank Security Pacific National Bank

November, 1975

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Highland Distilleries

Mr J.A.R. Macphail, Chairman, in his Statement circulated to shareholders reports on a difficult year during which the Scotch Whisky Industry was affected by a world-wide recession, Government discrimination, and high rates of inflation.

☆ Turnover increased by 38% to £15,111,435. Pre-tax profits at £2,040,418 were 24% down due to the change in the sales mix, the inflationary effect on margins and overheads, and increased interest charges.

☆ "Famous Grouse" brand continued its successful penetration of the Home Market, and accounted for the increase in turnover as sales of new and mature whiskies were somewhat lower than last year. We are continuing to lay down considerable stocks to meet the expected future demand for "Famous Grouse" as we are adamant that the quality should always be of the highest standard.

☆ Caution is the watchword of the moment as one or two items give cause for concern. During the past year at least 28 countries have increased taxes on Scotch Whisky, including the United Kingdom with an increase in duty of some 30%. Too much mature Scotch Whisky is being sold at prices that are so low that it is impossible to buy with the proceeds of the sale the equivalent quantity of new whisky. What the industry has to face up to, and the sooner the better, is to get a proper return on its investment, even if it means reduced sales in the short term.



The Annual General Meeting was held on 21st November in Glasgow. Copies of the Annual Report can be obtained from The Secretary, The Highland Distilleries Co. Ltd., 100 West Nile Street, Glasgow G4 2ET.

THE TELEPHONE system differs importantly from other utility services—electricity, gas, water, for example—in that its complexity impinges much more directly on the user. No matter how ingenious the means by which electricity is generated, or by which supply is matched to demand, all that matters to the consumer is what comes out of the socket.

With the telephone, however, the customer is free to penetrate to the furthest reaches of a system which, in complexity and versatility, is undergoing dramatic development. "Our interface with our customers is such a large one," says Professor James Merriman, Post Office Board member for technology, "that if we get it wrong it can create antipathy as well as proving a most expensive business to put right."

PO scientists, who last week officially took up residence in a new £11m. research centre near Ipswich, opened on Friday by the Queen, have for several years been taking an increasing interest in this interface between man and machine as it affects every facet of Britain's biggest service organisation.

Some say that the relatively slow penetration of the telephone into British homes can be traced to an early flaw in man-machine relations. When the telephone was still an unfamiliar instrument people were unsure where to put it, with the result that many were in dark cupboards beneath the stairs—which inevitably discouraged their use.

Slowly the PO appears to have overcome this early handicap and built up the third-largest telephone network in the world, with 20m. telephones. But the big growth in future is going to be not in "POTS"—the plain old telephone service—but in the diversity of new services made available to the customer by such advanced technologies as computer-controlled switching, more capacities cables and wires, and microprocessors that will help the network "think for itself."

New problems

In the wake of these technologies will come the new services such as videophones, teletext and facsimile, raising an entirely new set of man-machine problems. To take one example, public acceptability—what, in other words, people are willing to pay—of a facsimile service over telephone wires will depend crucially upon what the customer regards as the limits of legibility at the receiver. "What is the elasticity in market response and how do you measure it?" asks Professor Merriman. The results could have a significant effect on

At a research centre near Ipswich (right) opened on Friday by the Queen, Post Office scientists are working on telephone systems for the 1980s. David Fishlock examines their activities and the problems they face in the computer age.

Ringing the changes



costs and customer acceptance. But the PO's research programme on "human factors"—costing only about £100,000 a year but permeating almost all of its £10m. research effort—also looks towards at man-machine situations raised by its own operations. At one extreme is the sheer intellectual pleasure experienced by an engineer when he finds he can watch the telephone signal pulsing through a complex switching circuit and spot where the currents are baulked by faults. But Post Office researchers have developed this remarkable technique of "voltage contrast" microscopy into a very powerful diagnostic tool, with which, for example, they can "freeze" the circuit at any instant of operation.

Fall off

At the other extreme, perhaps, the PO has an interest in why its maintenance men sometimes fall off poles and ladders. It asked the Medical Research Council's Applied Psychology Unit at Cambridge—a human factors research team with which it works closely—to look into the question of whether PO rules on climbing poles were sound. They were—but they were sometimes being doubted.

Co-ordinating the PO's efforts in man-machine relations is a central committee for all Post Office activities—postal services, post offices, GPO, telecommunications—that tries to act as a focus for problems and a catalyst for research where information is sparse. Its chairman is Mr. Eric Ayres, a deputy director at the PO research centre, and it includes a senior staff member from the Applied Psychology Unit.

One problem to which the PO has been directing a major effort—and which it now thinks it has got "about right" in layout, spacing and "feel"—is the pushbutton dial for the latest telephone handset. Its importance becomes clearer when we consider that this is to be our means of accessing automatic ally a much greater variety of

telephone services in the 1980s, from high-powered information channels to highly personal services, such as who has been trying to call us, or conversations with two or more other callers simultaneously.

System X

Suppose, says Mr. Ayres, you want to place an alarm call. It is easy now—you just ask the operator, who takes your number, the time the call is wanted, and what she should do if you fail to answer. But how do you spell this out for a computer which cannot understand the spoken word? What kind of "language" might be devised for a pushbutton dial that is compatible with the ordinary subscriber as well as the computer?

The computer-controlled telephone switching system—the so-called System X—which the PO is developing for the 1980s will offer vastly more facilities than can "POTS" today. What is more, it will restore the kind of flexibility enjoyed by the system when a subscriber simply picked up the phone and everything was done by the operator.

Inevitably, however, System X will also make much greater demands on the customer, who will have to learn how to "chat up" the computers at the PO. The PO will have failed disastrously if the customer takes the attitude towards any new facility that "it's all too complicated for me."

"My feeling is that we've got to bend the machine to behave more like a human being," contends Mr. Ayres. He is putting a lot of faith in the interactive approach as perhaps the only way of selling the complex facilities System X will be capable of providing.

The interactive approach is familiar enough to the more sophisticated computer users, such as scientists or designers, who now work "conversationally" with the machine in solving their problems. But they need a special language to talk

Something much simpler will be required for a public service, with the computer itself taking infinite pains to extract the customer's precise requirements and to guide him into the service by which they might be fulfilled.

Mr. Ayres cites as "a shining example of the kind of thing we're aiming for" the work done by Dr. Christopher Evans of the National Physical Laboratory. In collaboration with doctors, in programming machines so subtly that he can elicit from inarticulate patients a case history of their medical problems more readily than even the consultant can.

Chat up

Some of these crucial interface problems are being explored as part of a teletext research project directed by Mr. Ayres, which has reached the stage where the PO is planning an in-house trial next year. This is the Viewdata project, unveiled to the public last month, in which PO scientists are developing a system whereby people will be able to use their television sets to chat up computers and data-banks. Unlike the Ceefax and Oracle teletext services planned by the broadcasting companies, Viewdata will be personalised and truly interactive, with the telephone lines allowing two-way conversation between user and computer.

The scientists' aim, says Mr. Ayres, has been to enable anyone with normal telephone proficiency to use Viewdata without making the procedure irksome for the experienced computer user (a species which in any case will be proliferating during the 1980s). The main human factors problem, he thinks, is to make sure that it remains the servant of the ordinary user.

As conceived at present, access to Viewdata will be gained just by tapping two numbers on a hand-held keypad. Post Office scientists have written a program called Mentor which the user can ask for to guide him step-by-step

through the procedure of calling up information but which can be bypassed by the experienced user.

Where they are less certain that they have things right is in the organisation of the information which appears—in seven colours, if required—on the television screen. "It's a bit like typography but in a new medium." The scientists say bluntly that the average professional computer display is far from ideally matched to its user's requirement but the level of tolerance is far higher than they can expect from the public at large. "We're trying to get a lot closer," says Mr. Ayres.

Viewdata will be compatible with the existing telephone system and, if the Post Office's in-house trial is successful, could be ready for a limited public trial as early as 1978. Other visual telecommunications services such as Viewphone and Confravision may have to await the introduction of new, broadband telephone transmission and distribution systems, even microwave or optical cables. But experience already has taught some harsh lessons from neglect of the "human factor" in establishing visual as well as aural communication.

Hat on

Stories abound—such as that of the U.S. executive given a videophone link with his fellow directors who became so self-conscious about his bald head that he took to putting his hat on whenever his phone rang. The PO research chiefs struck a problem themselves when they set up a Viewphone link between the desk of Professor Merriman and his (then) research director Mr. John Bray. These two longstanding friends who had spent their working lives together suddenly found that they were harbouring dark suspicions about each other.

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مركز المعلومات

FINANCIAL TIMES SURVEY

Monday, November 24 1975

COMPUTER PERIPHERALS

An awareness of the importance of peripherals in the computer industry is only just dawning in this country. British manufacture in this growth sector is at the moment relatively small, compounding the already wide computer trading deficit.

chilles' heel of the U.K. industry

EARS AGO the National Council set up a party under the chair of Sir John Wall to incipally, three things: the adverse balance, of is in computer equip-ment, and then make recommendations which would retain out of the red in- for.

ing heavily on the huge evidence accumulated months of presentations Select Committee on and Technology—which vestigating U.K. computer ons primarily because of e on the Labour-origi- policy of support to ICL, side and outside Britain working party came up he assessment that the deficit would be £50m. d in 1974, and rising to this year. how far out the working

party was we will shortly see, given the U.S. recession and the energy crisis. But it also produced a series of assessments of what the various sectors of the U.K. market would look like over the period to 1982 and these figures are repeated in the accompanying table because, despite distortions from ex- traneous events, they are of great significance.

The working party underlined this projection by noting that in 1976 over half the U.K. market would lie in peripherals, communications and control. Since that forecast events have moved rapidly and it is probable that the true, proportion between processors and the rest is 4 to 6 across the market and near to 2 to 3 in certain market sectors which happen to be growing very quickly.

In its recommendations, the proposal for Government funding of an important peripherals effort in the U.K. certainly did appear, but in third place after a vague first item on software and an even more vague second point on a "unified policy," whatever that might be.

The working party seemed to have missed the crucial point that peripherals, part of peripherals and sub-assemblies for these parts were, are, and are likely to continue to be the Achilles' heel of the U.K. industry. And if such a well-qualified body missed the point, it is hardly fair to belabour Ministers and senior civil servants for apparent inaction.

True, ICL has at long last joined in a peripherals venture with Control Data Corporation and NCR. Any collaboration with CDC, the acknowledged leader across the board in peripherals, can only be to the good. But the agreement took long to conclude. It could have been effective for many months now and while ICL and CDC have co-operated closely on peripherals for years, this was mainly in large discs which do not come under the agreement. They are the subject of a joint effort between CDC and Honeywell—but that is another story. Even if ICL in its new joint plant ultimately makes all the new generation peripherals it needs for home and export, output is unlikely to include the discs which represent a heavy import burden on it. The net effect on the balance of payments will be negligible.

Components

Only by grasping the multi-national nettle will the Government achieve anything here, because only the transfer of a number of production lines for peripheral equipment by the big international companies from the U.S. and Europe to Britain will make a significant difference—and then only when these production lines take their components and sub-assemblies from the U.K. production facilities.

Of course, this runs against the manufacturing policies of a

U.K. MARKET (£m. at current prices)				
	1962	1971	1976	1982
Central processor	11	100	180	270
Central peripherals	4	55	150	280
Data entry	35	20	30	30
Data communications	0.1	25	80	210
Control systems	1.2	10	30	40
	51.3	310	480	850

number of operators but the situation is becoming critical, particularly as the pound weakens and inflation progresses. Good U.K. products are falling by the wayside for lack of timely support in the current harsh climate. At the same time, launching new products has never been harder.

After the abandonment of the mainframe battle by the French Government it is perhaps inevitable to draw attention to what it has decided to do in all markets outside big central computers—that is, in its periphery. It is to re-group, provide funds and lay down a programme for end-products, giving the guarantee at the same time that these products will be given preferential purchasing treatment. This is along the lines of what the French Government already does about software.

Of course, the French might give up here just as they have done in mainframes. But at

least they have a few years' breathing space in which to come to terms with an industry being radically changed by new technology—that of the micro-computer, the small magnetic disc, and solid state storage of data.

Indeed, because the technological revolution brought about by these three products is moving so fast and is so far-reaching, there could well be a leapfrogging effect across the whole peripherals scene.

This could greatly favour the newcomers and leave the established suppliers with a diminishing market for large conventional units. The trend would accelerate if, as predicted, families of small interlinked computers each with its specific function take over from the "monsters."

Added impetus to this trend will come if computer output on microfilm (COM) techniques continue to gain ground as they have done since the cost of

paper and of handling it went through the roof.

To some extent our lords and masters who control the purse strings should be forgiven in that it is only recently that the data processing industry itself agreed generally that the real problem was the capture of the information on which the whole computing edifice is built.

Add to this the complication that so much data capture is involved with data communications and it is hardly surprising that the picture in Britain has hardly changed in two years from the position ascertained by the working party as one where the overwhelming majority of independent companies in this area provide equipment which interfaces solely with American processors.

The Government is better placed than any other user to promote networking to data-bases and thus in a position of privilege to dictate what equip-ment should be used and how.

If it should decide what it wants and that the chosen company—ICL—must build the equipment, *ipso facto* since ICL is only alive because successive U.K. governments have provided the lifeblood, protestations of independence from senior ICL staff cut no ice. After all, one could ask, what is ICL doing in COM, OCR, key-to-disc (by itself), mass storage, intelligent terminals etc., etc. In brief, a French situation with a senior Minister setting the stage for an effort to win all the market outside the big processors is preferable to the present grey fog of words which convinces no one and console no one.

But to come back to the predicted deficit figures mentioned before. Largely because of the peripherals deficits, the true unfavourable balance this year in computing is likely to be of the order of £130m. against £138m. in 1974 and £28m. in 1973, according to DoI statistics. These are figures which can be compared with the serious deficit situation in passenger cars—but far more attention is being paid to the latter than to the very much more basic problem of computing.

If one turns to the specialised terminal market such as that which serves the banking community of the U.K. only two British companies—Chubb and De La Rue—figure to any extent though it is true to say that European companies such as Olivetti and Datasab are defending themselves very well against the

mighty marketing attack from the U.S.

Datasab secured the latest large counter installation order for a southern TSB while Olivetti has most of the northern groups under its wing.

The TSB developments are interesting as they result from a decision to cope with counter queues by linking each cashier direct to a central computer. This contrasts with the clearing banks' practice of real-time account interrogation with batch branch data input modified in the case of Lloyds by the flow of work now being handled by its on-line Cashpoint terminals—now about 5 per cent. of counter transactions.

Customers

TSB's using Olivetti counter terminals and ICL computers claim that back office work has almost gone and that 80/40 per cent. more customers can be handled with the same number of cashiers as was required to work the manual system.

And the banking market, in which to a large extent the Europeans alone are really fighting, will go on expanding with point of sale terminals and cash dispensing terminals becoming a commonplace in major stores, places of entertainment and travel centres over the next five to ten years.

Ted Schoeters

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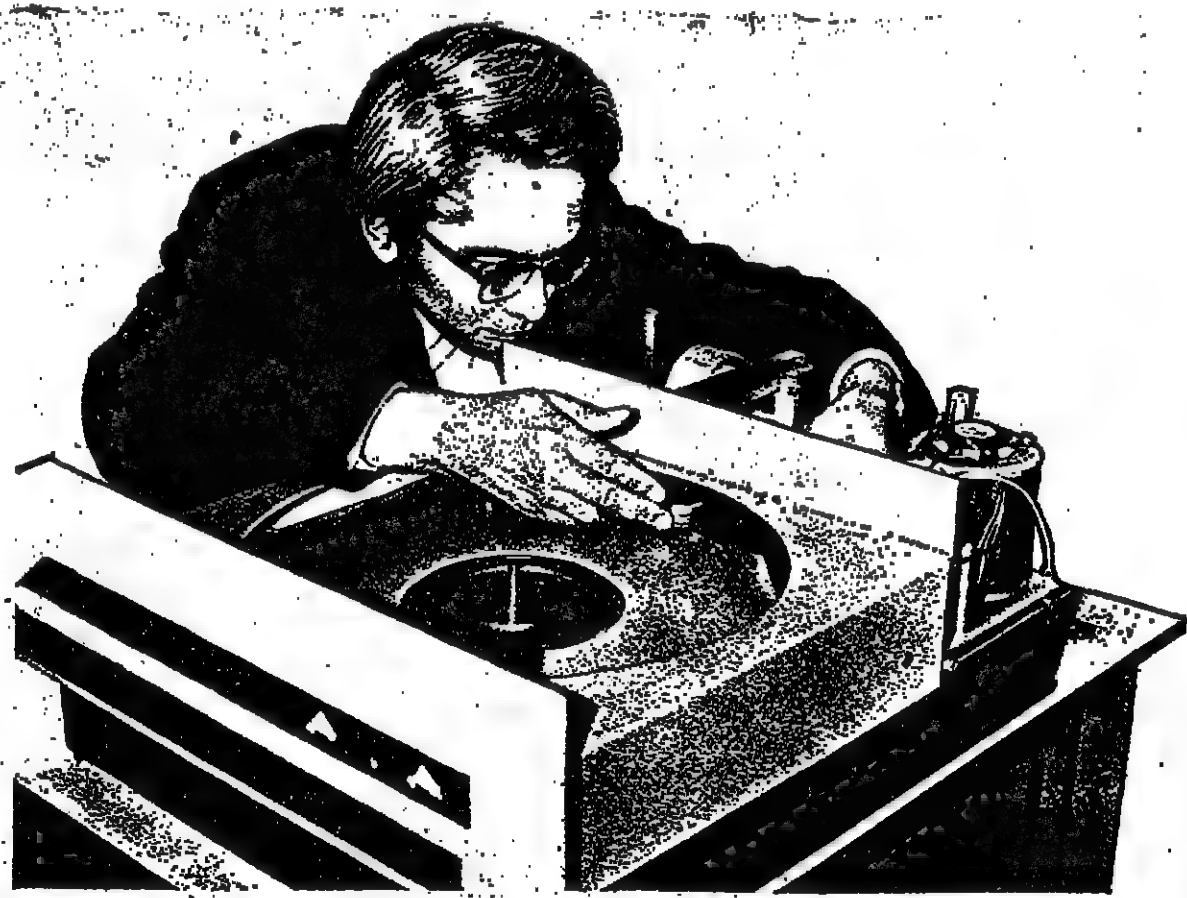
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We're a different, bigger, better company today because we have never stopped trying to understand the needs of our customers. They have come to expect from us the highest standards of engineering, product performance, after-sales and maintenance service. And we don't intend to let them down.

So we have to be tough on ourselves—and in more ways than one. This is so because Data 100 also happens to be a supplier of peripherals to the OEM market. We use a number of these products in our own terminal systems. We think this situation helps sell our OEM customers because what is good enough

for us—and it really has to be—should be good enough for them.

We also feel our end-user experience gives us an important advantage with our OEM customers. We appreciate that the customer has to live with our peripherals after they leave us and that means he gets the same product reliability and technical support we give to our end-user customers.

We have a growing OEM product line, made even bigger by our recent acquisitions of several well-known industry names. We can provide you with a range of minicomputer peripherals including discs, printers, plug compatible memories, paper tape peripherals, card readers and communications diagnostic equipment.

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COMPUTER PERIPHERALS II

Careful buying can pay dividends

LOOK IN any American data processing publication and, after turning over a few pages, there will invariably be found what in Britain would be colloquially termed "knocking ads" in which organisations generally with little more than one-thousandth the annual turnover of IBM (and frequently in a loss-making situation) blandly inform potential users that new products competing directly with a named IBM line product are available, with better performance and/or at less cost.

At the same time, not a week goes by without some announcement to the effect that Greyhound or Leasco or some other leasing company has helped a user to put the clock back, so to speak, and instal a large 360 in replacement of a small 370 but doing away with most of the IBM peripherals and frequently replacing the whole disc system with plug-compatibles from Memorex, Intel, CDC, BASF and so on.

The same has been happening in Europe where the Renault company some months ago made data processing history by going back to previous generation computers en masse. At the same time U.K. and European users of current generation equipment are doing a great deal more shopping around for competing peripherals—generally discs, but also tapes and VDU's—probably encouraged by the resounding court case in Germany which resulted in IBM being required not to differentiate in the maintenance of its central processors after competing memory or other equipment from other makers had been attached.

There is nothing surprising about this. If a company has 60/70 per cent of the computer market and a high pricing policy there is considerable room for manoeuvre under the company umbrella. Thus far the plug-compatible equipment for information and assumption of a central processor in competition with IBM's own peripherals.

And it is undoubtedly the agonised squeals of the small specialist companies who have found it so hard to keep pace with the "Gentle Giant," especially when the latter's marketing policies and products suddenly change, that have provoked Justice Department into attempting the unthinkable and indicting IBM for monopolistic practices.

All this will work itself out in the long run, but whether IBM survives as a single entity or is sectioned into four or even five companies with varied functions, will have little or no effect on the plug-compatible companies. What could have a major effect would be any acceleration of the return to previous generation central processors and, by the same token, to peripherals of current design from outside IBM.

Rental

There is little doubt that a skilled data processing manager with experience can get far more out of previous generation processors than was ever believed possible in the period before they were superseded. One of the most recent such moves was made by Steel Sales Corporation of Chicago which decided against upgrading from an IBM 370/125 to a 135 and instead brought in a reconditioned 360/50. Saving in monthly rental was \$4,500 or more than enough to cover the displays needed for five distant branches so that on-line inquiry services could be operated.

Eight Memorex discs run under non-IBM software and an ITT controller handles remote ITT terminals under IBM software.

On somewhat the same plane is the ICL users' success in securing the supply of large discs from the 2900 range for use with the 1900s. All this suggests a growing maturity in the leasing/returfishing industry and assumption of a very considerable degree of product and software package responsibility by people who too frequently are considered to be "just brokers." Indeed

they are now very far from this description and are making the battle to continue selling—and circulating used equipment—by offering packages such as Greyhound Phoenix Series 30. Built around an IBM 360/30, first launched in 1963 but now obsolescent, it has discs and an input/output system added to the company and is intended to provide a progression from the many 360/20s still in service and for System 3 (IBM) machines, in cases where the user considers the IBM mainline upgrade too expensive.

Much of the foregoing underlines what has been made clearly evident by the computer bureau operators, in particular—that the life assigned by the manufacturer to the central processor "isn't necessarily so" and that with proper care such equipment can continue to function quite satisfactorily for ten or more, rather than five, years.

On the new equipment side too, the market leader is constantly assailed by the smaller fry offering very complex electronic and electro-mechanical products competing directly with specified IBM units either at lower total cost or lower operating cost. Two recent examples are the Calcomp Storage Technology, and Intel fixed disc systems with prices some 20 per cent lower than the IBM 3350.

Even IBM's small machines are under attack from the would-be improvers with Decision Data offering an advanced solid-state Mosfet memory to replace System 3/10 core memory and make the latter machine "20 per cent more efficient." And it is also on small systems that the most determined attack has been launched from a U.K. source.

Plessey Memories has developed double capacity magnetic disc equipment and controllers for use as an alternative to the manufacturer's own product on Digital Equipment Corporation's PDP 8 and PDP 11 minicomputers, of which many thousands are in use worldwide.

The hardware, software media are completely changeable and give the stage of double capacity, same equipment space, noteworthy cost saving. Is not purely a local move. Plessey has centres in European countries as well as the U.S. and can provide support required for a certified sales drive under protection of a licensing agreement with DEC related connection of peripherals DEC "Unibus" system.

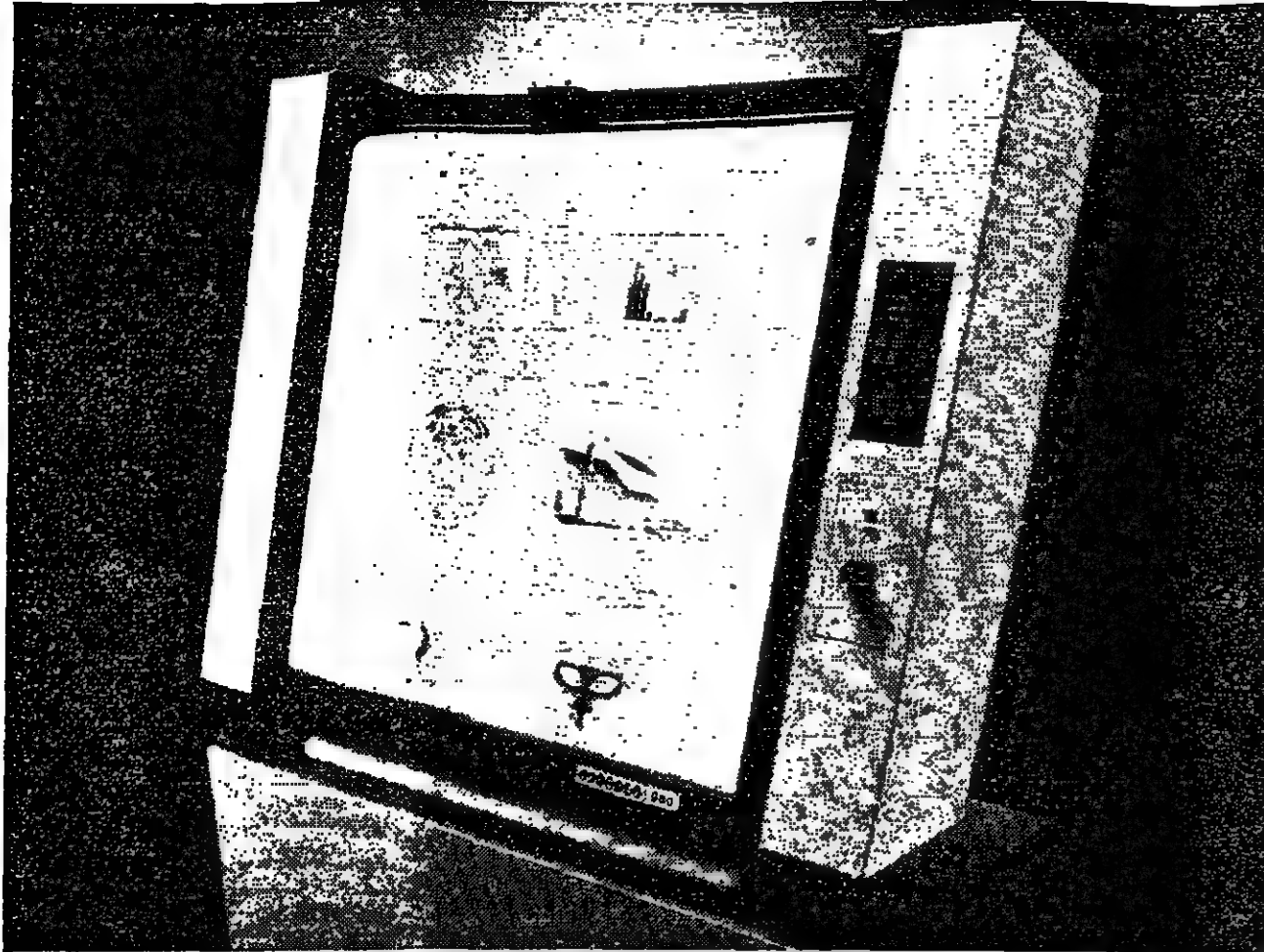
Plessey Memories has a fully built and supplied a series of add-on memory, DEC minis and for the growing numbers of Novas minis from Data General is making a determined lunge to DEC's supremacy several areas.

Least there should be doubt about the quality of products competing with made by the market leader. Recent media survey by Data Research put Memorex first in listing for quality reliability with IBM as second place followed by Calcomp and CDC.

IBM led in tapes with G and 3M second and BASI Memorex close third. MS well ahead in tape, cassette cartridge suppliers.

Of course, these snipps data which are far from complete, relate to a sample of over 300 users and companies. But the picture does not greatly differ in equipment allowing for varying tenance, policies and amounts.

The message for the user is very clear. It pays to be around, both because savings possible and because added experience action, installation and operation of other manufacturers' equipment gives the computer user a



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The shop floor

MAGPIE is one of the names which cause people with long memories in data processing to wince. Yet it only describes what was in its day a relatively simple system of mapping the flow of work through the many shop floors of Rolls-Royce as it then was.

Like many of the tasks undertaken by the pre-deluge company, it was somewhat larger than life and too complex, both for staff and for the computer centre personnel who had to capture this great flood of information and transform it into a dynamic model of the company's activities.

There have been many other attempts to capture vital data from the factory floor on a vast scale and some have met with a degree of success because they were essentially military-funded projects and money was no object.

By and large, however, it would be true to say that initiatives have tried to run before they could walk. This is not so bad when the initiatives are companies such as Olivetti who can afford to do it, undertake such an experiment and immediately profit by its partial success, or partial failure. The case in point is the fully automated Pozzuolo factory which was followed a year or so later by the semi-automated plant at Ivrea.

But to the smaller operator, putting all his eggs in one basket can spell disaster, particularly with an inflexible basic system that no amount of computing ingenuity can bend.

Yet it is relatively simple to keep a close watch on machine performance—machine tools, plastics moulding equipment and the like—which is essential now that maximum efficiency and economy in energy use is a matter of survival. Such simple, basic equipment as the machine status recorders sold by VDO throughout Europe form the starting point of machine shop efficiency and attendance/wages systems such as the one now operating at the immense teleprinter and terminal plant operated by Olivetti in Ivrea, Italy.

Unfortunately, in Britain, there seems to have developed over the years some aversion to using reporting units which has no parallel in Europe. Whether it has its roots in the same distrust as that typified in the "spy in the cab" slogan concerning tachometers is a moot point.

It is an unfortunate fact, however, that Spain apparently uses more machine status reporting equipment generally than Britain. Of course, this could stem partly from the fact that many Spanish plants are relatively new and have been installed as copies of existing

European or American plants. If and when production lines are abandoned, in favour of group operation, such reporting equipment would become even more important and function not only as a machine status display, but also as an essential source of operational data.

This area of automation should develop much faster than, for instance, in-process gauging. As part of numerical control technology, the latter has suffered from the multiplicity of answers in equipment and systems developed and offered.

But it began in a large measure as an answer to the problem of providing a machine status recording, reporting and adjusting system. But it proved far more difficult to achieve this end consistently and cheaply in this way.

Suffered

Much of the early equipment on the shop floor suffered from lack of ruggedness to withstand industrial environments and too great complexity.

This was due to the fact that solid-state electronics was still in its infancy and also that systems analysis had not really come to grips with the problem of deciding what facts were really essential to the operation.

Now, with solid-state development galloping ahead and a wealth of magnetic recording products available on an OEM basis, it is, sad to record that there is only one British-owned company operating on the U.K. factory data collection market. But it has placed its equipment in all the major British manufacturing or service groups including organisations with their own powerful electronics capabilities such as Plessey, GEC, Thorn and BA.

Feedback Data, which has concluded an alliance with Digico for the latter's computing support, is able to provide a series of units with various functions which can be built up into a complete plant reporting system, either with local mini-computer control via a Digico machine, or using the latter as an interpreter for a large computer.

Feedback's equipment can also report directly to the existing computer.

The company's array of products includes punched card and badge readers; attendance, idle time and maintenance recorders; card/badge reader with variable data encoder and security key systems; and paper and magnetic tape outputs, cassette decks and so on.

Using lay-outs chosen from

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com

through Feedback elimina

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stock movement control

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COMPUTER PERIPHERALS III

Demands of the mini-computer

MINI-COMPUTER is an increasingly significant part of the computer and this is creating new opportunities for peripheral manufacturers and distributors. A few years ago the mini-computer was used to process control, and instrumentation, the mini-computer is applications in every of industry, commerce and administration. In Europe the number of mini-computers installed in the U.K. is rapidly approaching the number of mainframes; just 500, compared with 1,000 small businesses installed, many of which are based on mini-computers.

Of course, the installation values in the mini-computer market are still way ahead. None of the 7,000 systems which is growing fast is a proposition to the manufacturers. Typically a mini-computer will include disc storage, an input or visual display and a printer plus paper tape, magnetic or data cartridge.

Given the continuous use of central processor peripherals have come to at least 50 per cent. system costs. Mr. Tom Ick, of CPU, a distributor of American peripheral ranges, puts the value of the U.K. mini-computer market at £40m. and the value of the associated peripheral market at £20m. All of this business is to independent peripheral manufacturers. The two main computer manufacturers,

small computer market. There is also the plethora of systems houses and builders of small business systems who, having bought-in or made their own central processor, are in the market for peripherals. BCL, now part of the Computer World Trade Group, and Allied Business Systems were pioneers of this sector in the U.K.; both have had their troubles, mainly due to underestimating the software costs involved in tailormaking application systems for end users, but both businesses have survived, though under new managements, and have been joined by others, like Systime and MBM.

Then finally there is the end-user market, mainly of users who have bought systems from manufacturers like DEC, or Data General and require more power, but at a price. They look to the independent manufacturers for additional memory, or disc capacity. This is the equivalent of the PCM (plug compatible manufacturer) sector of the mainframe market. Many of the same companies are active in it, with many of the same products. Companies like Calcomp (which markets through BASF to the mainframe market), Ampex and Control Data. But there are others active only in the mini-computer PCM market like Plessey and GMT.

While mini-computers are nowadays able to have the same range of peripherals attached to them as mainframes including recently even, many large capacity disc systems and fast line printers, there are a number of peripherals which meet the particular requirement of the mini-computer market. The prime example of a peripheral which was evolved for the mini-computer market is the matrix printer. Whereas the faster line printers print a line at a time using a row of

hammers to force the paper (and carbon) against a print barrel which contains the character set in relief, the matrix printer prints one letter at a time, not using the extremely slow typewriter kind of mechanism, but a needle printer - which forms the character under program control with a number of dots, usually in a 7 x 4 or 9 x 5 matrix. At 150-200 characters per second, these printers are fast enough for the majority of minicomputer applications and yet are very much cheaper than line printers.

The ubiquitous Centronics printer is being sold at the rate of 50,000 printers a year and last year produced a profit for its manufacturer of \$7.2m. on a turnover of \$41.5m. The French company Logabax has done well with its similar printers, which have also been successfully incorporated into terminals for use with mainframes.

Recently the principal British peripheral manufacturers, Data Recording Instrument Company, made its bid for a share of this lucrative market with the launch of its C330 system at the French "Sisob" and German "Systems" trade fairs. Mr. Harry Pinn, Data Recording's managing director sees the market for these printers as being "insatiable."

Cartridge disc drives, and even lower capacity, and lower priced, floppy disc or diskette drives are also very much associated with the minicomputer market, though not exclusively. Data Recording launched its level computer system, the 2903, after it separated from ICL, which had previously held a majority interest in the company. One of the reasons for the breakaway was that Data Recording had developed its own cartridge drive partly to development of small business systems. The IBM System/32 changed its mind but DRI's computer is an obvious example. Management did not wish to and DEC's Datasystem 310 for abandon a product which it builders of small business believed had a big future in the systems is another. A floppy Newbury Laboratories has sold to a much higher standard. So



Data Recording Instrument Company has recently added some new mini-computer peripherals to its product line, including the data cartridge drive shown.

far Penny and Giles has sold a modest 40 systems over the last twelve months, but the demand is likely to grow, particularly in data logging applications.

The Labour Government has gone out of its way to stress the importance of a strong indigenous British computer industry and Mr. Wilson and Mr. Benn have now claimed so often that they were the saviours of the British industry that most people believe that they were. Certainly the Labour administrations played a key role in the creation of ICL and have put orders and cash in its direction since.

Mainframes however are only part of the story. Other important sectors, the software and services industry, minicomputers and peripherals, have, by and large, been neglected by the Government. By contrast in France, the Government is taking an active role in the development of the peripheral and minicomputer industry.

The French industry minister announced his plan de performatique in September. This involves a cash bait to encourage the 30-odd small companies involved to regroup into two or three more substantial organisations. Perhaps this new plan would not have appeared had not its belated predecessor the plan calcul failed to save France's independent mainframe industry which has now ended up firmly in the hands of the American manufacturer, Honeywell.

The British industry has recently formed its own trade association, the Peripheral Suppliers Association and its chairman, Peter Burton of communications specialists, Case Ltd., would like the association to get Government support for the industry, in terms of tendering and ordering policies if nothing else.

Graham Bunting
Editor, Computer Management

Role of the consultant

DECISION whether to use consultants when installing a new system, replacing an old system or even extending an existing system will depend on many factors. The most important is the experience the firm has in the field of computers and how they are used in the exact sector involved. If it did once traumas when installing its system and as a result of that it fully understands all the steps involved, then at management can feel confident about a Do-It-Yourself job.

Provided that the right consultant is chosen (and various firms do have particular expertise in some sectors) then the consultant should be able to bring an impartial understanding about the exact requirement of the job. After all, it is not just a question of understanding what kind of computer or computer peripherals are required, but also, in determining what they are required to do. So there must be full understanding of how the job is done and how it affects ancillary operations in the company. It is therefore essential that the consultant form the right kind of relationship with the organisation as soon as possible. He will need to liaise closely with all levels of management involved not only in the installation of the computer but also with the particular departments concerned in trying to understand what function the new hardware will fulfil.

They do not pose any problem once the job has been completed. The main advantage that using consultants can bring is the accumulated experience they have over a number of previous jobs. Hopefully they will have learned their mistakes elsewhere and so bring a knowledge to the specification which may be difficult to match by employing the same number of new people yourself.

After all, it is far better to have the consultant understand your business and how it operates and what it may look like in say ten years time than to have a consultant who knows everything about computers but very little about your type of business.

In deciding whether or not to employ consultants, one factor that should not be particularly important is the size of the job to be done. Most consultants will agree that some of their finest work has been done on small accounts, even though that experience is often used in helping the bigger clients (and vice-versa, of course).

full understanding of each other's experience and analysis of the problem at hand.

There is a great deal of difference in determining whether the problem is a management problem with a computer bias - and most situations should be tackled in this way - or a computer problem with a management bias. According to which answer one comes up with, different types of consultants should be used.

There are specialist computer consultants who can solve the second type of problem, but it is usually better to employ general management consultants with computer experience to solve the second type of problem.

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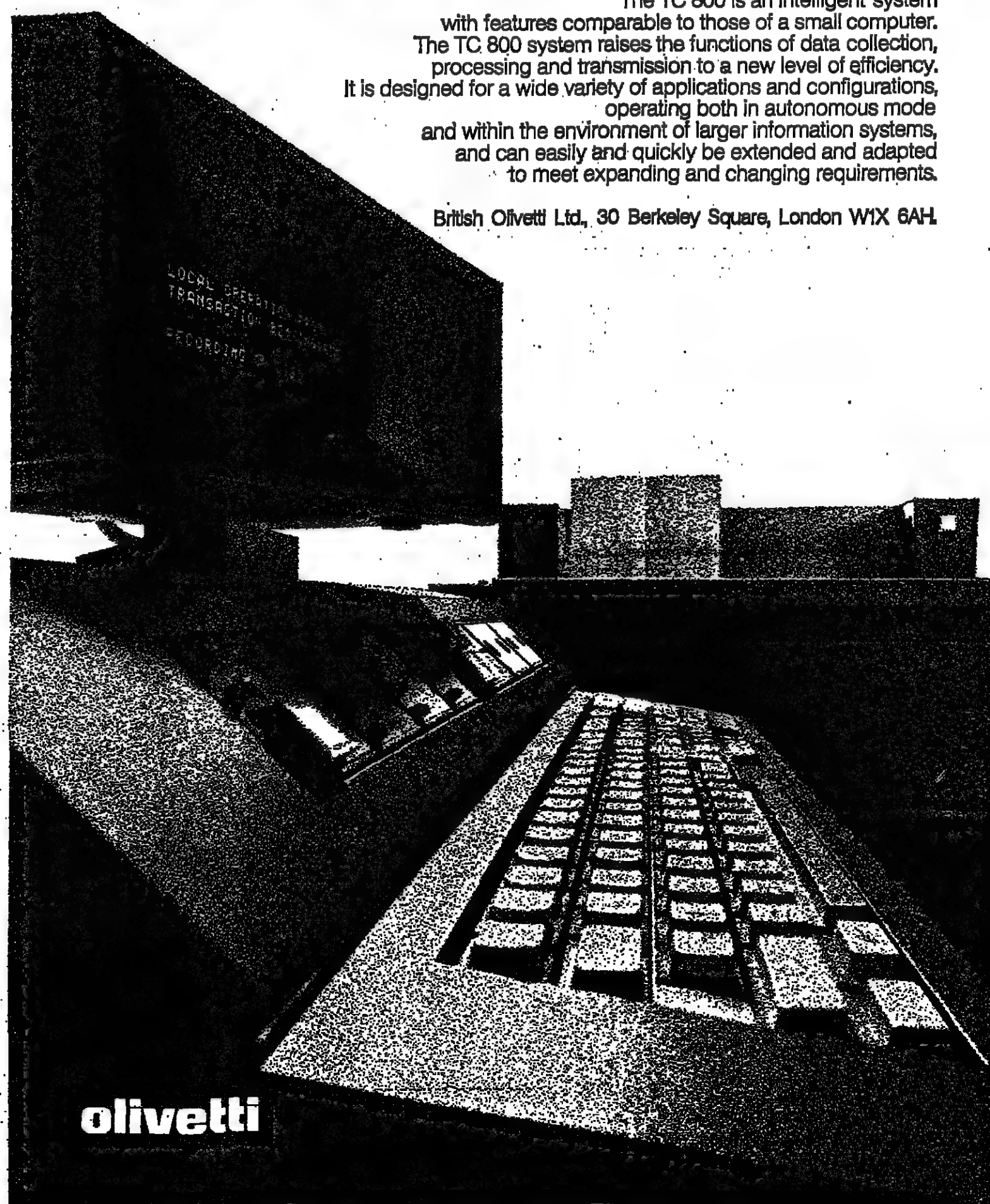
Finally, a comparative cost analysis should be done by asking various consultants to quote for the job and then comparing the estimated cost with how much it would be to employ your own specialists.

Roy Levine

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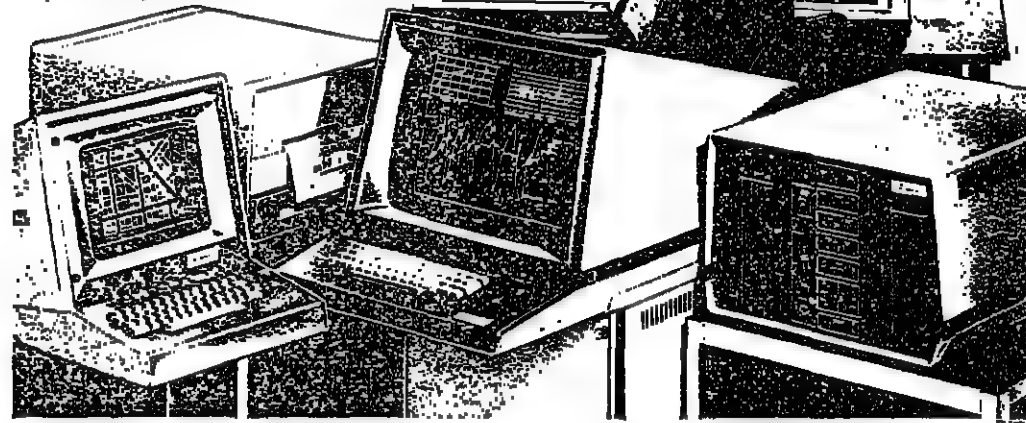
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TECHNICAL ADVANCES in the fields of mini-computers, visual display units (VDU), and keyboards, coupled with a realisation of the implications of these developments and how they can be used to make a computer-based operation more efficient, have combined to produce something of a revolution in business management techniques—particularly in concerns structured as a central headquarters with many branches and a great deal of communication between the two.

There have for years been those who have believed that since it is the branches that make the business in this kind of set-up, a good deal more emphasis should be placed on methods of handling the data in the branches and on accurate communication of that data to the central authority. Phrases like "satellite working" and "distributed processing" have now become established as key ideas in the computer business and the balance of hardware between branch and headquarters is certainly changing.

It is something of a "chicken or the egg" situation when the reasons for the change are examined. Nobody seems quite sure whether the market was crying out for a change in this direction, or whether the technology arrived and opened everyone's eyes to the possibilities. It was probably a bit of both, but whatever brought it about, the VDU and the keyboard were certainly at the centre of it.

COMPUTER PERIPHERALS IV

Direct data entry

Of course, the remote VDU has been in use for some time, but only as an "unintelligent" part of a system with a simple facility for making inquiries and displaying answers. The difference now is that real computer power can be brought to the desk of a typist in a remote branch office by using a mini-computer, a VDU and a keyboard for direct data entry purposes.

This is possible—and attractive—not just because of technological advance, but because the advance has been in low cost areas so that the facility for this kind of remote entering is now offered relatively cheaply.

Updating

The trend does, of course, raise management problems in terms of achieving a balance between localised and centralised computing, and with file updating tasks being taken on by localised power as well it is easy to see the development of the idea that the branch facility should eventually be more powerful than the central machine. But this aspect of the problem, and the associated question of loss of management control which can follow, is really a separate question. For whether the VDUs and keyboards are linked to a local computer operating as a satellite or linked straight to the central machine, direct data entry has become established as a concept.

The "unintelligent" terminals mentioned earlier, with their facilities for on-line order entry and stock control linked by various communications systems to a central mainframe were the beginning, and distributed the computing around returning to the original source.

If a user can move up to the next processor model and preserve the software element, or if he can simply upgrade his hardware then this may be the best solution in many cases. At the lower end of the size scale cost will be one of the principal considerations. As his computer needs move up the size scale, the user finds sheer cost becoming somewhat less crucial. The price/performance ratio becomes all-important.

On the large system, it is particularly important that the set-up be made to inherently cater for change in a company's computing needs. When the computer is purchased thought needs to be given to future growth of the overall business, growth in the range of products, and growth and change in the research and development element in the company's activity.

A key factor in making the decision will often have already been dictated by the manufacturer of the equipment already in use, the flexibility of the system, the degree of software compatibility through the system, and the readiness of the set-up to accept peripherals.

The original manufacturer is always aware that at some later date the ultimate user may wish to extend the system, and it seems that the realisation has resulted in some manufacturers making their equipment as inflexible as possible in the hope that the user will simply buy the next model up the size range while others regard maximum flexibility as a marketing virtue.

A manufacturer's attitudes are reflected in his product lines, but there are different ways of designing a computer and if flexibility is the design approach then that will be reflected in the product; and in its price. As one manufacturer said when questioned on this point: "We are doing the design work in order to market a product and make money." So a manufacturer cannot be relied upon to make it easy for a user also proud of what they call to add extra power without their "non-obsolescence orientation."

For these steps a user will often have to make quite fundamental changes in his computer room or complex and will sometimes run up against an obsolescence problem when adding new equipment, either because the manufacturer no longer has that equipment or because the latest range does not mix with the old—or both. One manufacturer, Burroughs, whereby items like processors, memory sub-systems, data communications sub-systems, and processor sub-systems are modularised and then brought together, singly, in pairs, or whatever, to make up a large system. The idea is that growth is eased by simply buying the particular module required and plugging it in. If a customer needs more data communications or processor power, he simply buys the right "box." Burroughs are also proud of what they call their "non-obsolescence orientation."

system for on-line communications with a computer, features a display panel that makes the old television sized VDUs look very old-fashioned. The unit, comprising control, display panel and keyboard, follows Burroughs modular design traditions which in this case allow for the three parts to operate separately—the control off the desk altogether, the display unit perhaps sitting next to the telephone, and the calculator-sized keyboard mobile and to hand.

Systems such as the TD 700, apart from allowing for remote order entry, can give instant visual access to information about account balances, inventory status, credit ratings of the customers, or whatever. The TD 700 can be placed on sales counters for convenient and immediate contact with the system. The implications of this kind of flexibility in, say, hospitals, hotels and financial institutions are obvious, quite apart from the sheer savings in data preparation through key punching without cards to seed clean data.

Collection

Clearly, once a user has a unit such as this, or many of them spread around an operation, it is tempting for him to think what he could do by bringing more actual computing power closer to the remote terminal, but, that apart, the VDU/keyboard direct data entry idea has some way to go on its own account.

Systems have been developed, for instance, which appear to open new possibilities for users concerned with the collection of numeric data and inquiry into computerised files, particularly where magnetic cash cards are in use in financial institutions, stores, tellers and accountants. They could use the terminal for inquiring into deposits, withdrawals, transfers and accounts. They could install these transactions at retail points of sale for authorisation, cheque and credit advances. Similarly, where points in banks have familiar, these kinds of would allow customers inquire into their own number.

This kind of unit we linked to a separate containing the memory, power supply and data communication connector. The terminal equipped with magnetic reading devices, and the be a hand-held keyboard keying in the identification number.

The development of a allowing for this sophistication and indicates how far this of the computer industry gone in what amounts more than two or three since this area of VDU development first itself significantly in market. Just how far the road to complete p tion of business this t will go is hard to te direct data entry in its forms is a technique th hand in hand with p towards more desk top co power.

Hugh C

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Making a choice

WHEN A computer system becomes strained and there is a need to obtain more power from somewhere, management is frequently in something of a quandary over what is the best course to follow. Do they simply exchange their main processor for a more powerful one, obtain peripheral units from a different maker, or off-load the extra work involved to a service centre?

The first thing to be said, at the risk of emphasising a truism, is that it very much depends on the type of operation they are running, the type of information they are handling, and on the nature of the increased work, quite apart from the financial factors involved.

A key factor in making the decision will often have already been dictated by the manufacturer of the equipment already in use, the flexibility of the system, the degree of software compatibility through the system, and the readiness of the set-up to accept peripherals.

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which means that if the user cannot buy the box he wants by the time he is looking for system growth, the latest model can go in side by side with old model boxes. It is certainly true that with some manufacturers if a customer had four boxes and he needed two more he would end up getting rid of his existing four and buying six new ones.

Alternatively, of course, there are the plug compatible peripherals which allow a user to buy someone else's equipment and simply plug it in to their existing machinery set-up. This leads naturally on to another way of extending the power of a system without necessarily becoming involved in expensive changes, and that is taking some of the "intelligence" load off the central machinery and employing mini-computers, or peripherals, peripheral controllers, and terminals with "intelligence." This concept of distributed intelligence relieves pressure on the central processor and may obviate fundamental change.

If sufficient power is put out to a terminal it achieves the status of a front end processor and takes a significant load off the central mainframe. When the distribution idea reaches this stage, the mini-computer and related software become involved and nowadays mind-based systems produced as a package are growing in importance, with machines like ICL's 2903 finding useful markets as front end processors.

The other alternative of off-loading some of the work to a service centre will be a good way out of the problem in some cases. Isolated programs, for instance, that are free standing and do not dovetail easily into the general run of work could usefully be put out to a bureau, as could the kind of job that would stretch available resources but only runs for 36 hours once a year and so does not justify additional in-house equipment. Also, a complex in a company may run a time-sharing service. It may be difficult to find a bureau may also be as an interim step until justifies further investment.

One of the great advantages of the service bureau is its ability to develop standard systems and packages to with a particular type that may be common to some of its customers. This obvious area where a company can off-load work. Why the time, trouble and working out a system to a problem that, while it be new to the company, is a day-to-day for a service bureau down road?

Pressure

With these packages, at other service bureaux rather more than the solution may be offered. It is so practice, for instance, if customer to have a term his own place of business. here he can enter data transmit it to the bureau processing. If there is a paucity between the t operations and the con operations of the cu company then this can good way of relieving pr There are obvious manag problems, though, in some cases.

There are no hard an rules about the prob choice when more po needed, and convincing ments can be made of taking any one of the c briefly looked at here. It comes down to a matter o vidual preference in the of experience and the ki overload problem that Service and price will play a major part, part when looking at a plan power through peripherals.

Hugh C

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Airey Neave attacks Rees on Ulster security measures

BY JOHN BOURNE, LOBBY EDITOR

IN THE Conservatives' fiercest attack yet on the Government's security measures in Northern Ireland, Mr. Airey Neave, the Opposition's front bench spokesman, yesterday brought the security aspects of the bipartisan policy on the Province under severe strain.

But leading Conservatives, Ministers and also Ulster Unionist MPs do not believe that the underlying two-party agreement on the constitutional problems of Northern Ireland is threatened at this point.

Mr. Neave's attack followed this week-end's killing of three soldiers near the South Armagh border with the Irish Republic. The Conservative Party and parties in Northern Ireland had been warning Mr. Merlyn Rees, Northern Ireland Secretary, about the anarchy in South Armagh for months, he said.

"Mr. Rees can now expect a

vigorous campaign from us for positive action to clean up this area of lawlessness where the IRA roam freely.

"The death of three soldiers of the Royal Regiment of Fusiliers must lead to a determined counter-offensive by the security forces and a continuous military and police presence throughout the area.

"Since March of this year, we have attacked the Government's release from detention of hardened and committed terrorists thought to be responsible for the most brutal crimes. On Mr. Rees's own admission, this policy is a gamble, but he has persisted regardless of the consequences.

"We shall continue to demand that he cease these releases before more lives are lost, or put on trial those who make no secret of their membership of the Provisional IRA as a proscribed organisation."

In a BBC interview, he also called for a resumption of house searches and the end of all contacts with the Provisional Sinn Féin.

"I don't think we can buy off terrorism and I think we must take this action now to convince people that the Government mean business to get rid of the IRA." As for the ceasefire, "this was now in ruins and should be forgotten."

Mr. Rees, who was interviewed earlier in the same programme, hit back last night with a statement that there had never been a ceasefire in South Armagh for a variety of reasons—the nature of the IRA there, the nature of the country and the nature of the people.

"It is an unusual area," he added. "There is little support for the security forces."

The Minister also denied that the Government was trying to

"buy off" terrorism by releasing detainees.

This was shown by the number of terrorists arrested and charged with terrorist-type offences—over 1,000 so far this year and over 100 of them in the last two weeks. Over 100 were now serving life sentences.

The release of detainees, Mr. Rees added, had nothing to do with the violence of the bandit men of South Armagh where there was "wholesale gangsterism."

This could and would be dealt with by the security forces more quickly when the local population co-operated with the forces of law and order.

The Government maintains that the number of terrorists detained is very small indeed, and that the IRA is using the continuation of detention as a propaganda weapon among the Roman Catholic population in Northern Ireland.

Grocery prices up sharply this month

BY ELINOR GOODMAN

GROCERY PRICES this month showed their biggest monthly rise since June, according to the Financial Times Grocery Prices Index published to-day. The index rose by 4.99 points to stand 24.5 per cent. above its November 1974 level.

The rise was largely due to the higher cost of dairy products, particularly the extra 1p on a pint of milk allowed at the beginning of the month.

The FT Index, though based on a small sample, usually provides an early warning signal to movements in the Government's official food price index, published a month later.

In recent months, the rise in the FT Index has slowed down, but this month's increase is likely to be followed by another sharp rise next month.

The bakers are expected to get the go-ahead for a price rise of at least 1p this week. Moreover, the Government is expected to announce a cut in the 2p a loaf State bread subsidy of possibly as much as 1p.

Worried

The bakers' 1p rise is based on the recent round of wage awards to the baking unions. It will cancel out the 1p reduction made by all manufacturers last month after one of the big three bakers—Associated Bakers'—was told to cut its price to comply with the profit margin controls of the price code.

Though the big baking groups have always been officially opposed to subsidies on the grounds that they distort demand, they are now believed to be worried that a price rise of 1p could hit sales badly.

Equally, the Government must be worried about the impact of a rise of this size on its pay policy. Bread has always had a far greater emotional and political significance than its relatively small weighting in the Retail Price Index would suggest.

But the Government is committed to phasing out its food subsidy programme, which this year will cost £350m., in the long term. Even so, there may be pressure on the Department of Prices not to allow bread to go up by 1p before it has managed to work out some kind of price restraint programme on other basic items with industry.

Index details—Page 10

THE LEX COLUMN

Pressures on the pension funds

The problems of the pension funds have not been resolved by the fact that the All-Share Index has more than doubled over the past 12 months. The Imperial Group is the latest major company which has had to increase its contribution to its main fund, and the chart shows why.

In the 12 years to the end of 1964, the Imperial Tobacco Pension Fund's gross equity dividends rose at an annual compound rate of 8½ per cent.—a calculation based either on the actual change in dividends received or, in the case of new purchases, on any change in the income anticipated at the time the shares were bought. The Fund moved heavily into equities at the beginning of the 1950s and, since its returns were substantially higher than the rate of inflation throughout the period, it was able to make major increases in its scale of benefits.

In the following 10 years, however, the annual growth rate in equity dividends fell to around 3.7 per cent. With inflation accelerating, the upshot was that during 1972 the index of wage rates caught up with, and overtook, the growth rate in equity dividends which it had trailed over the previous 20 years.

The Fund has so far given full cost of living adjustments to its pensioners, which means a 28 per cent. increase this month for those who retired more than a year ago, and post-retirement increases now account for about half its outgo. But to meet this growing strain, the company's contribution has had to go up this year from 4 to 12 per cent. of pensionable pay. This year's inflation will require a further contribution of at least 3 per cent. These increases, which were taken into account in July's profits forecast, will have cost the group £21m. in the year ended last month and a further £3m. or so in the current year—taking its annual contribution up to £24m. or more.

Members' contributions have been held at an average 3 per cent. of pay, but pensioners have been warned that unless there is a major economic improvement in the next 12 months it is "extremely unlikely" that the Fund will be able to afford a full cost of living increase this time next year.

Imps has calculated that if pensionable pay rises 2 per cent. a year faster than the cost of living over a prolonged period, the Fund has to achieve three objectives if it is to continue to provide pensions based on that estimate. The fact that it is having to re-think its pension policies under much graver problems than some other funds must be facing.

that it makes an attempt to estimate the impact of rather than past rates of inflation. The fact that pension policies under much graver problems than some other funds must be facing.

Currency loans

Barred somewhere Land Securities' interim last week was a loss of £3m. on borrowing nominated in dollars, which was not matched by overseas property company accounts this loss did not interfere with the declaration of a dividend of £3.7m. to But Woolworth's figures bore slightly visible scars from its franchise debt, with a third loss of over £1m. on account. Even here, the deduction was treated as an extraordinary item, and charged against pre-tax profits. It is certainly an improvement in perspective that such losses should be taken through profit and loss account rather than being charged directly to reserves—a change better than that has been by Common Brothers. But it is to be whether companies ought still more honest about such losses for the consequent currency exposure.

Exposure draft 16, put by the Accounting Standards Committee in September, makes the point that currency borrowings can be considered in isolation from assets they are financing the net exposure that But it is rarely possible to match completely and hard to see why in mismatching companies separate out interest on those of currency fluctuations. With sterling declining maybe 10 per cent. a year, latter costs can be more especially since losses are allowable for tax. The problem is lurking in bank and insurance balance sheets—and bank become noticeably more to broaden their capital with dollar-denominated in ordained debt.

Little Neddy strategy talks to-day

Financial Times Reporter

THE ROLE of the Economic Development Committee ("Little Neddy") under the Government's new industrial strategy will be one of the main topics for discussion at to-day's meeting of EDC chairman, which will be attended by Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Eric Varley, Industry Secretary.

In the document issued after the last NEDC meeting at Chequers on November 5, the Government said that the EDCs would have an important contribution to make to strategy but that "the structure and operation of the EDCs' machinery may have to be examined in the light of this new role."

The Government envisages that in the late summer of each year it would prepare projections and a "descriptive profile" for about 30 major industrial sectors.

These would be remitted to the EDCs for examination; where no EDCs existed, ad hoc tripartite committees would be established. In these committees "both sides of industry together with Government would attempt to identify areas for improvement and possible action."

At present, there are 17 Economic Development Committees, some of which have been in existence since 1964; they cover a variety of manufacturing and service industries.

Little Neddy growing pains.

Callaghan pushes £300m. Saudi university plan

BY RICHARD JOHNS

RIYADH, Nov. 23.

ON THE FIRST day of his official visit to Saudi Arabia, Mr. James Callaghan, the Foreign and Commonwealth Secretary, has announced a £300m. plan for a second permanent deepwater port, whilst Mr. Callaghan spoke of the expertise that could be provided to help existing operations. He emphasised heavily the assistance available from the resources of British public authorities and industry.

In his talks with Sheikh Nazer he stressed the Government's support for British companies bidding for Saudi projects. Lord Limerick, of Kleinwort Benson, who is chairman of the Committee for Middle East Trade, outlined ideas for bringing together U.K. consortia to bid for projects in the Kingdom.

U.K. companies have complained that they cannot risk competing for large contracts in Saudi Arabia involving a commitment of substantial performance bonds, and the possibility of large losses as the result of inflation.

It is learnt that Mr. Callaghan has asked Lord Limerick to advise him on the whole question of support by the Export Credit Guarantee Department and how it compares in terms of backing with what the Government's other leading industrialised countries offer their companies.

This afternoon Prince Saud bin Faisal, Saudi Minister of Foreign Affairs, and Mr. Callaghan signed an agreement on cultural

and technical co-operation covering, among other subjects, U.K. assistance with training of Saudis and provision of British expertise.

In their general discussion this morning the Foreign Secretary stressed U.K. interest in "triangular co-operation" involving joint ventures between British know-how and Saudi capital in the developing countries. Prince Saud is understood to have said that the right vehicle for such collaboration was the recently established Saudi Development Fund.

They talked about the forthcoming conference on international economic co-operation in Paris. Mr. Callaghan raised Britain's claim for individual representation.

The Government seems to hope that the demand by the UN group of 77 for four extra seats in addition to the 19 agreed at the October preparatory conference might make it easier to accommodate the U.K. separately if a further allocation was made also to the industrialised States.

Saudi Arabia prefers to stick by the arrangement as it stands. Mr. Callaghan took pains to explain how the prospects for the U.K. economy, in particular a slowing of the rate of inflation, were improving.

To-morrow he sees Crown Prince Fahd, First Deputy Premier and strong man of the regime.

is believed to be based on an idea developed by Wimpey, in partnership here with Laidlaw and the Saudi General Contractors.

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New No. 2 expected to move in at Rank early next year

BY MARGARET REID

A NEW executive deputy chairman is expected to move in during the early months of next year to Rank Organisation, whose previous chief executive, Mr. Graham Dowson, left in September after a much-misunderstood Boardroom row.

The individual in question has now been selected and only the last details about his new appointment remain to be confirmed. At present, however, no announcement appears to be planned about the new appointment, which seems likely to be

disclosed nearer the time, perhaps in February, when the new man will be ready to take up his post at Rank.

It has been no secret that the Board, including many non-executive directors, have been anxious to make arrangements for long-term top-management continuity at the group. At present, the only executive directors of the company, whose scale of operations is shown by its £288m. turnover last year, are Sir John Davis, the chairman, and Mr. Russell Evans, the former secretary who became

managing director after Mr. Dowson's departure.

In its statement at the time of Mr. Dowson's resignation, the directors said that they "had had under consideration for some time the role and composition of the Board... and the plans for succession in the senior posts."

It is clearly the intention that the new deputy chairman will eventually take over from Sir John, who will be 70 next November, though a timetable for this does not yet appear to have been settled.

A close interest in the arrangements for the succession has been taken not only by the many distinguished non-executive directors, including Lord O'Brien, former Governor of the Bank of England, and Lord Helsby, one-time head of the Home Civil Service, but also by associations of institutional investors.

A similarly careful watch is being kept on the promised arrangements to give votes to the "A" shareholders, the vast majority.

Consultants may decide to impose sanctions

BY CHRISTIAN TYLER, LABOUR STAFF

HUNDREDS of HOSPITALS may have to close if consultants decide this week to join junior doctors who are already banning non-emergency work.

The consultants' decision on whether to impose similar sanctions from next Monday should emerge to-morrow, when both the British Medical Association and the breakaway Hospital Consultants and Specialists' Association have agreed to call a one-day walk-out, with a mass meeting in Central Hall, Westminster.

The BMA and the breakaway body are preparing to collect mass resignations from the Health Service. This would mean that consultants would have to hire the consultants back on an agency basis.

The consultants are protesting at the Government's promise of legislation to remove private practice from NHS hospitals, and demand instead that the Government should announce Royal Commission on the NHS.

In their separate dispute on overtime pay, junior doctors are

imposing sanctions in the militant North-West. Their spokesmen announced they would do only emergency work from to-day, although a plan for official national industrial action is not due to come into effect until Thursday.

This plan is subject to endorsement by the governing council of the BMA, which meets the day before. In the face of ever-growing militancy, the council is unlikely to refuse to give that endorsement.

Minister have so far failed to convince the junior doctors of their view that their claim breaches the pay policy. Doctors' leaders say they are not seeking to break the policy, but that it is being unfairly interpreted by the Government, and a solution can be found within it.

The amount of money said to be available for redistribution under a new working-hours contract is, they argue, a "gross underestimate." But the Government insists that no more money can be made available until next April, anniversary of the doctors' last pay award.

Weather

U.K. TO-DAY

MAINLY cloudy, with rain or showers, but some sunny intervals in Western areas. London, S.E. England, E. Anglia. Mainly cloudy with rain at times but probably drier later. Wind southerly fresh becoming westerly moderate. Max. 10C (50F).

The Midlands, Central Southern England, Northern and N.E. England. Bright intervals and scattered showers later. Wind N.W. or West, light or moderate. Max. 9C (48F).

Channel Isles, Wales, S.W. and N.W. England. Sunny intervals and scattered showers. Wind westerly moderate. Max. 10C (50F).

Borders, Edinburgh, Dundee, Aberdeen, Central Highlands. Mainly dry with sunny spells but cloudy later. Wind westerly. Max. 9C (48F).

Lakes, Isle of Man, Glasgow, Argyll, Orkney, Shetland, N. Ireland. Bright becoming cloudy with rain later. Wind westerly. Max. 9C (48F).

Outlook: Rain followed by bright intervals and showers.

Lighting-up: London 16.31, Manchester 16.31, Glasgow 16.28, Belfast 16.41.

BUSINESS CENTRES

City	Mon	Tue	Wed	Thurs	Fri	Sat
Alexandria	24	25	26	27	28	29
Amman	24	25	26	27	28	29
Baghdad	24	25	26	27	28	29
Bombay	24	25	26	27	28	29
Buenos Aires	24	25	26	27	28	29
Calcutta	24	25	26	27	28	29
Cairo	24	25	26	27	28	29
Colon	24	25	26	27	28	29
Hong Kong	24	25	26	27	28	29
London	24	25	26	27	28	29
Lyons	24	25	26	27	28	29
Manila	24	25	26	27	28	29
Medan	24	25	26	27	28	29
Perth	24	25	26	27	28	29
Rangoon	24	25	26	27	28	29
Seoul	24	25	26	27	28	29
Singapore	24	25	26	27	28	29
Tokyo	24	25	26	27	28	29
Yokohama	24	25	26	27	28	29

HOLIDAY RESORTS

City	Mon	Tue	Wed	Thurs	Fri	Sat
Alexandria	24	25	26	27	28	29
Amman	24	25	26	27	28	29
Baghdad	24	25	26	27	28	29
Bombay	24	25	26	27	28	29
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Seoul	24	25	26	27	28	29
Singapore	24	25	26	27	28	29
Tokyo	24	25	26	27	28	29
Yokohama	24	25	26	27	28	29

Crosland warning on nationalisation

BY JOHN BOURNE, LOBBY EDITOR

JUST IN TIME for Wednesday's meeting between the Cabinet and Labour's National Executive—when the Left will press for a discussion of the economy—Mr. Anthony Crosland, Secretary for the Environment, to-day argues the case for a mixed economy and against any further massive nationalisation programme beyond the party manifesto.

But he also claims that public expenditure often helps the middle class more than the poor, particularly in the fields of education, commuter subsidies and highway construction.

In a Fabian pamphlet, "Social Democracy in Europe," he says that too often middle-class pressure groups have been successful so that the distribution of public spending has been tilted away from the areas of the

greatest need towards those which generate the loudest demands. It is the practice, not the theory, of public expenditure which has gone wrong.

But much of the pamphlet is concerned with nationalisation and public ownership. Labour must be seriously Conservative, he argues, if it is to involve an ever-expanding State bureaucracy, especially with the penchant of some socialists for the continual spawning of giant new institutions under centralised control. "We should not be in the business of creating endless Leviathans manned by armies of bureaucrats."

Mr. Crosland adds that public ownership is a useful weapon, and each of the specific nationalisation proposals in its present form can be justified.

But no sound social or

economic case for a massive nationalisation programme has been made out. And certainly such a programme would not cure the underlying weakness of British industry.

However, yesterday Mr. Anthony Wedgwood Benn, the Energy Secretary and former Industry Secretary—the leading Left-winger on Labour's national executive—broke his political silence at a London Labour conference of young workers.

Although his main target was the monetarist theories and financial orthodoxy of Conservatives—like Sir Keith Joseph—his words will be taken by his Left-wing supporters as a warning to the Cabinet.

"The crisis facing Britain is not a crisis of money, but of unemployment, under-production, closures and cutbacks," he said.

Continued from Page 1

Trawler skippers warning

next move must come from Iceland.

Any cessation in fishing is serious for British trawler owners, many of whom have been operating on the border-line of profit because of rising costs and poor prices for fish.

According to the British Trawler Federation a ship losses between £2,000 and £3,000 worth of equipment each time a trawl is cut away. This has not always been the case, however. In the Ross Sea incident last Saturday only one warp was severed and the tackle was salvaged.

Fish prices

The Federation says that the price of demersal fish (fish caught by bottom of the ocean trawling) will be affected irrespective of whether there is a complete fishing halt. Catches or parts of catches have been lost through harassment. However, so far prices have not risen appreciably. This is because the trip back from Iceland takes roughly five days, and the ships badly affected by Iceland's gunboat activity have not yet returned. In auctions last Friday, cod was more expensive by around £1 a kit (ten stone) and Federation sources say they expect to start seeing rises in prices from to-day.

Our Reykjavik correspondent writes: An Icelandic Government delegation returned from Bonn on Saturday with a tentative agreement with the West German Government which could settle a long-standing fishing dispute between the two nations if approved by the Icelandic Parliament.

Foreign Minister Mr. Agustsson said that the agreement will be presented by the Icelandic Cabinet on Monday and also two parliamentary groups of the different political parties. He stated that Mr. Hallgrímsson, the Prime Minister, will introduce a tentative agreement in a speech in Parliament on Tuesday.

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